



# Office of Inspector General

United States Department of State  
and the Broadcasting Board of Governors

**Office of Inspector General**

**Semiannual Report to the Congress**

**April 1 to September 30, 2002**



# A MESSAGE FROM THE INSPECTOR GENERAL



I am pleased to provide to the Congress my semiannual report on activities conducted by my office from April 1, 2002 through September 30, 2002.

Since taking office a year ago, I have undertaken several internal initiatives in response to the President's Management Agenda specifically and the Administration's emphasis in general on measuring performance and results. I have improved our own financial management, accountability, and budget and performance integration with the implementation of two systems—the Project Tracking System and the

Office of Inspector General (OIG) Timesheet System. Beginning in FY 2003, these systems will allow OIG not only to track the timeliness of projects, but their relative costs as well. Furthermore, by aligning projects with specific performance goals, OIG can evaluate more accurately the expenditure of resources in support of individual organizational goals.

I continue to welcome work requests from Congress on matters of importance to you. Among congressionally requested work undertaken within the last six months, my office conducted a review of U.S. policy and actions during the weekend of April 12-14, 2002, when Venezuelan President Hugo Chávez was briefly ousted from power, and the six-month period preceding that weekend. I personally led the review, which found nothing to indicate that the Department or Embassy Caracas planned, participated in, aided, or encouraged the overthrow. In addition, OIG reviewed U.S. aid to the Colombian National Police at Embassy Bogota, Colombia, and we have begun to examine non-immigrant visa issuance procedures in detail. We will report on this latter work in the next semiannual report.

I have also refocused our efforts to review information security within the Department and at our overseas missions. To streamline these efforts, my office has developed guidelines for evaluating the effectiveness of information security programs at the Department's bureaus and at overseas missions and facilities. We plan to evaluate ten missions in FY 2003, depending upon the availability of resources.

I welcome your thoughts and suggestions on our work. As always, I stand ready to testify before you, and to meet with you or your staff at any time about any matter within my jurisdiction that may be of interest to you.

**Clark Kent Ervin**

# EXECUTIVE SUMMARY

OIG inspects each of the approximately 260 embassies, other diplomatic missions, and international broadcasting installations throughout the world, as well as the bureaus and offices in the Department of State (the Department) and the Broadcasting Board of Governors (BBG) in Washington. OIG audits Department and BBG operations to ensure that they are, to the maximum extent possible, effective, efficient, and economical. OIG also investigates those instances of fraud, waste, and mismanagement that may constitute either criminal or civil wrongdoing or a violation of administrative regulations. During this semiannual period, OIG continued to focus its work on its four strategic goals.

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## I. The Department and the BBG adequately protect the people, information, and facilities under their control in the United States and abroad.

OIG evaluates the Department's and the BBG's efforts to protect the people, information, and facilities under their care. During this reporting period, OIG conducted security reviews in conjunction with OIG management inspections, examining physical security and emergency preparedness at 21 missions. The reviews identified several recurring security deficiencies including not conducting the required annual testing of emergency procedures. OIG continues to stress the importance of emergency preparedness at embassies. The survivors of the most recent vehicle bomb attack against the U.S. Consulate in Karachi, Pakistan noted that the lack of personnel injury was attributed to the use of the alert system and the instinctive response taken by people due to frequent emergency drills.

OIG also completed a special review of security at the Department's Washington headquarters, which focused on the physical security of the Harry S. Truman building and immediate response plans for emergencies affecting headquarters.

In addition to security reviews conducted in conjunction with OIG management inspections, OIG completed full scope security inspections at six embassies, covering the full range of the mission's security programs. Because these reports discuss specific security vulnerabilities at the Department and its missions, synopses of these reports will be published as a separate classified annex to this report. A list of the classified reports issued during this semiannual period may be found in Appendix 2 of this report.

As mandated by the Government Information Security Reform Act, OIG performed an independent evaluation of information security programs at the Department and BBG. OIG reviewed whether the Department and BBG were effectively implementing key requirements of the law, such as overall information technology security and security risk management. OIG performed a similar review in 2001.

Within the Department, OIG found several key areas that still require management attention. Department progress in addressing information security weaknesses identified in OIG's 2001 report has been slow. As of August 2002, only five percent of the Department's information technology systems had been certified and accredited as required by law. Further, according to an OIG survey, only 15 percent of the Department's 358 systems have security plans. In BBG, OIG noted that there was progress in developing an agency-wide information security program. OIG recommended that the BBG improve information sharing on common vulnerabilities and threats to information systems.

In response to public and congressional concern about the Department's ability safely to manage and process consular activities, OIG conducted a review of the Bureau for Consular Affairs' (CA) information security program. OIG found that CA has developed a comprehensive approach to addressing information security risks. At the time of OIG's review, 70 percent of CA systems had risk assessments and almost 50 percent of the CA systems were operating with a security level determination and an overall security plan in place. However, OIG also found that only two of CA's 36 systems had been certified and accredited, and two had been granted an interim authority to operate. The Department acknowledged that more needs to be done and is actively planning, prioritizing, and working toward bringing each of its active systems fully in line with the information security statutes and Office of Management and Budget guidance.

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## II. The Department and BBG effectively, efficiently, and economically advance the foreign policy interests of the United States

As noted above, in response to a request from Congress, OIG issued an unclassified report along with a classified annex on U.S. policy and actions during the weekend of April 12-14, 2002, when Venezuelan President Hugo Chávez was briefly ousted from power, and the six-month period preceding that weekend. OIG found nothing to indicate that the Department or Embassy Caracas planned, participated in, aided, or encouraged the overthrow. Similarly, OIG found that U.S. assistance programs in Venezuela were consistent with U.S. laws.

OIG provides the Department and the Congress with comprehensive and independent evaluations of the operations of the Department, its missions abroad, and related activities in the form of inspections. During this reporting period, OIG inspected eight African embassies, seven European and Eurasian missions, two missions in the Western Hemisphere, the Belize Transmitting station, and two domestic bureaus.

In addition to inspecting several U.S. missions in Africa, OIG also inspected the Bureau of African Affairs (AF). OIG consistently found that U.S. embassies in Africa are not getting the human resources they need. Pervasive staffing gaps persist in many embassies in the areas of administration, public diplomacy, consular affairs, information management, and diplomatic security. In its inspection of AF, OIG found that staffing shortages overseas and domestically, particularly at the mid-level, is the bureau's most serious administrative problem.

In its inspection of Embassy Luanda, OIG found demoralizing conditions, particularly with regard to the physical plant. Using trailers, mobile homes, and prefabricated buildings, the chancery and annex had deteriorated steadily since the mission was established in 1991. OIG raised concerns about unsafe conditions at the chancery because of the on-site construction project. In response to OIG's findings, the Department dispatched the construction branch chief and the area manager to Luanda to find ways to correct the problems and compelled the contractor to assign an American safety supervisor to the construction site. OIG supports these actions, but is still concerned because the embassy's annex will remain unsafe even when the repair and renovation is complete. OIG also believes that the annex is excessively expensive and inefficient.

OIG inspected U.S. embassies in Tbilisi, Georgia; Yerevan, Armenia; and Baku, Azerbaijan. In this region, OIG noted that rapid growth in personnel and programs had generated a number of management problems, including overcrowding. At all three embassies, OIG found that overly restrictive requirements for employees to receive the incentive differential created the potential for excessive staff turnover.

OIG found in its review of the Bureau of Legislative Affairs (H) that the bureau is actively promoting greater Department outreach to Capitol Hill. This new approach has won considerable support both on the Hill and within the Department. Reorganization within the bureau by the new Assistant Secretary has helped raise its profile on the Hill. However, it has led to some uncertainty within the bureau about job responsibilities, including overlapping responsibilities among legislative management officers. A new Department office in the Rayburn House Office Building, staffed by personnel from H and CA, has added an innovative dimension to Department outreach.

OIG's inspection of the Bureau of Public Affairs found that the bureau carries out, with commendable professionalism, its central role in explaining U.S. foreign policy to the American public, while taking on extensive new responsibilities as a result of the consolidation of the Department and the U.S. Information Agency. The Assistant Secretary for Public Affairs performs his role as Department Spokesman with distinction. Due to the daily imperatives of the Spokesman's role, however, OIG believes that the position of the Department Spokesman should be separated from that of the Assistant Secretary for Public Affairs in the future. The inspection report also made a number of suggestions for improving the operation of several of the bureau's offices.

At the request of the Chairman of the Subcommittee on National Security, Veterans Affairs, and International Relations, House Committee on Government Reform, OIG reviewed the Department's Foreign Service "up-or-out" promotion system. The Subcommittee was particularly interested in the system's effectiveness, citing the retention and recruiting problems that the Department has faced. The stated purpose of the Department's up-or-out system is to ensure a predictable and orderly flow through the ranks and to provide promotion opportunities for the best officers at all levels. The current system establishes a maximum number of years officers may remain at a given class level before they are required to separate from the Department. OIG believes that the system accomplishes its intended purpose. OIG found that the majority of Foreign Service officers separated during the period reviewed because of the up-or-out system were senior or executive-level officers. The majority of vacant Foreign Service positions or assignment gaps, however, occurred below the senior level.

OIG's inspection of the BBG Belize Transmitting Station found it to be well-run and inexpensive to operate, but serving a need that no longer exists. Listeners in the region can receive BBG broadcasts from affiliate or short-wave stations. Efforts to redirect the station's broadcasts toward Cuba have met with firm resistance from the government of Belize, and many of the station's assets can be used elsewhere to meet high priority needs. In the absence of agreement from the government of Belize, the BBG should determine the most effective future use of the station's assets.

OIG reviewed BBG regional operations in West Africa and found that the Voice of America (VOA) program in Nigeria has been hampered by major equipment control problems. The most egregious situation was the loss without a trace of \$200,000 worth of equipment the regional marketing and program placement officer had arranged to go to eight stations in Nigeria, including an important FM radio affiliate in Lagos. The equipment was shipped by sea by the International Broadcasting Bureau (IBB), but the consignment apparently was never cleared in Lagos by the general services office of Consulate General Lagos. OIG also found that it is important that VOA be on the air in Freetown, Sierra Leone and its environs with a strong signal while the process of disarmament, demobilization, and reintegration of the rebel fighters of the Revolutionary United Front continues, and as the United States seeks understanding and support from Muslim countries for its war against international terrorism. The regional marketing and program placement office and the IBB are to be commended for addressing this situation effectively.

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### III. The Department and BBG have the necessary financial and support systems and controls to meet legal and operational requirements.

OIG is committed to improving the management and operation of programs and activities of the Department and BBG by providing timely, balanced, and credible independent evaluations and financial audits that identify systemic problems and recommend solutions. During this reporting period, OIG work covered a broad range of activities, including a follow up review of the cooperative agreement with the Iraqi National Congress Support Foundation (INCSF), an examination of the trial costs related to the bombing of Pan Am Flight 103 over Lockerbie Scotland, and reviews of Department contractor oversight and BBG inventory controls.

At the request of the Department, OIG conducted a follow up review related to recommendations in our September 2001 audit of Department awards to the INCSF. OIG reviewed corrective actions taken by INCSF and also examined whether it had expended federal funds for the intended purpose of the agreements and in accordance with applicable federal laws and regulations. OIG found that INCSF had taken significant steps to implement OIG's recommendations, and the restriction of funds recommended in the prior audit report was no longer necessary.

At the request of the Department, OIG reviewed the costs incurred in conducting the trial of the two Libyans accused of blowing up Pan Am flight 103 over Lockerbie, Scotland. The U.S. had agreed to pay half the appropriate incremental costs of conducting the trial in the Netherlands, rather than in Scotland. OIG's review verified the total costs of conducting the trial, and determined the appropriate U.S. share of incremental costs.

In light of the Department's goal to expand regional support and reduce its overseas presence, OIG evaluated the operations of the Regional Procurement Support Offices (RPSO). The offices provide support to missions in procuring goods and materials and processing the solicitation of bids and establishment of contracts. OIG reviewed whether these offices were properly organized, located, managed, and funded, and also whether the Department was properly accounting for operations and recovering full costs through reimbursements to the Working Capital Fund. OIG found that RPSO provides effective services that are highly rated by the missions receiving them in several regions, including Europe and Africa. However, OIG noted that RPSO provides only eight percent of total overseas procurement; so it is not meeting its potential. OIG concluded that RPSO would benefit from planning that addresses current deficiencies in management and geographic coverage, as well as changes in organizational structure to put all three current offices under one organization and one manager.

The Department is replacing its financial management system in Charleston and Bangkok with a new system called the Regional Financial Management System (RFMS) and asked OIG to review the RFMS Test Documentation Standard to determine whether the procedures for documenting future RFMS tests were adequate. OIG found that the standard was generally adequate for future RFMS tests and provided adequate accountability. The standard will also be useful in keeping the test documentation consistent throughout all test phases in the RFMS life cycle. OIG advised the Department to modify a section of the Test Documentation Standard to require written approval before any test results can be destroyed.

OIG conducted a review to determine whether the Department had effective systems and procedures in place to monitor contractor performance. OIG examined three domestic contracts, with a combined value of \$54 million, to determine whether policies and procedures were adhered to and whether the terms and conditions of the contracts had been met. In addition, OIG administered a questionnaire to Department officials worldwide who have served as contracting officer's representatives. In over 100 responses, officials provided valuable insights into Department procurement operations. Several recent OIG audits have examined performance monitoring on specific contracts. OIG has referenced the results of those audits in this review to offer a broader perspective on Department operations.

In general, OIG found that Department personnel followed policies and procedures related to contractor performance, ensured that contract terms and conditions were being met, and received appropriate training. However, OIG identified deficiencies in oversight that mirrored results from prior OIG contract audits. In addition, the review and questionnaires pointed to shortcomings, including invoices that were not processed in a timely manner and contract ceilings that were exceeded. OIG supports the Department's move to strengthen its oversight by establishing a new division to oversee contractor performance monitoring.

To assess how well the IBB was managing its assets, the OIG reviewed the policies and procedures for the management of, and controls and accounting for, IBB's domestic, nonexpendable personal property from October 1999 to March 2002. OIG reviewed whether IBB had established policies for inventory controls and was implementing them and, if so, whether they were effective.

OIG found that IBB did not have fully functioning property management policies and procedures for domestic, nonexpendable property to ensure the efficiency and effectiveness of operations and to meet agency property reporting requirements fully. Although current policies require that domestic property inventories be conducted every two years, OIG found no evidence of a complete property inventory conducted by IBB. OIG recommended that IBB conduct an agency-wide inventory to establish an accurate baseline for its domestic, nonexpendable personal property and implement a plan to bring it into compliance with applicable accounting and reporting requirements for property management. IBB recognized the need for planning improvements in the property system and was taking steps in that direction— for example, updating property policies and procedures and placing a major focus on disposing of excess property, which should facilitate the physical inventory process.

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#### IV. The Department and BBG are free of fraud, waste, abuse, and mismanagement.

OIG investigates allegations of fraud, waste, abuse, and mismanagement related to Department and BBG programs, and assists in preventing, as well as detecting, fraud. During this semiannual period, OIG conducted investigations in the areas of immigration and visa fraud, theft, employee misconduct, and conflict of interest.

OIG conducted a joint investigation with the U.S. Department of Labor, Immigration and Naturalization Service, and Internal Revenue Service, based upon information that a Virginia immigration attorney and a Department personal services contractor were involved in an immigrant visa fraud scheme. The investigation established that the Department contractor, who was employed as a fire safety engineer, had acted as middleman for the immigration attorney in approaching managers of restaurants and other businesses in the Washington, DC area. He had also assisted the immigration attorney in submitting hundreds of applications for labor certification through the Virginia Employment Commission to the U.S. Department of Labor. All of these applications were determined to be fraudulent.

In July 2002, the investigating agents arrested the immigration attorney and the Department contract employee based upon warrants for immigration fraud. The agents seized more than \$40,000 that the Department employee had in his possession at the time of his arrest, more than \$900,000 in cash during the search of his apartment, and approximately \$2.5 million from his bank account. The Department employee's personal services contract was terminated after his arrest. In August 2002, he pleaded guilty to five felony counts, including immigration fraud, money laundering, extortion, labor certification fraud, and conspiracy to commit labor certification fraud. He also agreed to cooperate with the government. Charges against the immigration attorney were pending at the end of this reporting period.

In February 2002, the U.S. Ambassador to Beijing asked the OIG to conduct a review of The Bridge Fund to ensure that U.S. funds were being effectively used based on embassy concerns about this grantee's financial management. The Bridge Fund was established in 1996 to help Tibetan communities in China preserve their cultural traditions, promote sustainable development, and conserve the environment. In response to concerns raised by Embassy Beijing, The Bridge Fund submitted a memorandum to the Department in February, 2002, that described what The Bridge Fund was doing to improve its operations and programs, including hiring and training additional staff and conducting project audits and reviews. OIG reviewed the

memorandum and held discussions with Bridge Fund officials, and believes that The Bridge Fund is making a good faith effort to respond to the Department's concerns. Based on this memorandum, the Department can determine what, if any, additional actions The Bridge Fund must take before awarding a new grant.

In May 2001, the Department advised OIG that an internal review had disclosed significant suspicious post assignment travel charges associated with the U.S. embassy in Lusaka, Zambia, and that almost \$2 million in suspect charges had been identified. OIG investigators reviewed records of payments from the Department to vendors in connection with post assignment travel charge vouchers filed at Embassy Lusaka. OIG determined that numerous payments had been made to bogus vendors who had provided no services to the embassy or the Department. Several of these bogus vendors were located in Connecticut and in the Washington, DC area.

In March 2002, OIG agents executed an arrest warrant in Waterbury, Connecticut on a Zambian national who had received some of these fraudulent payments. Search warrants were also executed, in both Connecticut and Virginia, at residences associated with the bank accounts. In June 2002, the person pleaded guilty to a felony charge of conspiracy to receiving stolen government money.

OIG received information from the Department indicating that a Civil Service computer operator had claimed to be working for the Department when she was also being paid to work by a Department contractor. Record reviews established that she regularly left her Department work area two hours prior to the end of her shift to report to work for the contractor, but claimed that she had worked her full shift at the Department. The employee admitted her conduct to OIG investigators. In July 2002, OIG provided reports of investigation to the Department. The Department provided the employee with a notice of indebtedness in the amount of \$3,289, and a notice of proposed removal.

Finally, an OIG investigation determined that a Foreign Service officer assigned overseas engaged in a conflict of interest by appearing in and allowing his name and official title to be used in a newspaper advertisement for a local real estate company. In addition, the Foreign Service officer also appeared in three TV commercials for which he was compensated. In May 2002, the Department notified the officer that he was being suspended for five days for his actions.



# CONGRESSIONAL ACTIVITIES AND OUTREACH

## Reports Requested by Congress

The OIG conducted the following reviews in response to legislative mandates and requests from Congress:

- In May 2002, the Co-Chairman of the Senate Caucus on International Narcotics Control asked OIG to follow up on press reports that \$2 million in U.S. aid to Colombian National Police counternarcotics efforts was discovered “missing.” OIG briefed the committee staff, and will issue a report detailing the loss during the next semiannual reporting period.
- In response to a request by the Chairman of the Senate Subcommittee on Western Hemisphere, Peace Corps, and Narcotics Affairs of the Committee on Foreign Relations, the Inspector General personally led a team of inspectors, auditors, and information technology experts in reviewing whether the Department and Embassy Caracas played any role in the brief overthrow last April of the Chávez government.
- At the request of the House Appropriations Committee, the aforementioned review of U.S. policies and actions in Venezuela included an examination of the activities of the National Endowment for Democracy in Venezuela.
- In response to a request by the Chairman of the House Subcommittee on National Security, Veterans’ Affairs, and International Relations of the Committee on Government Reform, OIG produced a report on the Department’s Foreign Service “up or out” promotion system.
- As mandated by Section 647 of the Treasury and General Government Appropriations Act of 2002, Public Law 107-67, OIG reported to the Chairmen and Ranking Members of the House and Senate Appropriations’ Committees on the Department’s efforts to place a priority on locating new offices and other facilities in rural areas.

- In response to a request by the Senate Subcommittee on Foreign Operations, OIG issued a report determining the additional costs of holding the Lockerbie plane crash trial in the Netherlands rather than Scotland.
- As mandated by the Government Information and Security Reform Act, OIG issued a report on its evaluation of the Department's and the BBG's information security programs and practices.
- In response to a request by Senator Grassley, OIG reviewed non-immigrant visa issuance procedures at a mission and consulate overseas, and provided information to committee staff.

## Proposed Legislation Reviewed by OIG

The OIG reviewed and provided comment on the following proposed legislation:

- On April 15, 2002, the Inspector General provided comments to the Chairman and Ranking Member of the House International Relations Committee on HR 3969, the Freedom Promotion Act, which includes provisions affecting public diplomacy programs within the Department and the BBG.
- On September 6, 2002, the Inspector General provided comments to Senator Grassley regarding his amendment to HR 5005, the Homeland Security Act, which calls for the assignment of Homeland Security personnel to embassies to monitor visa issuance.

OIG reviewed several measures as they pertain to OIG related activities, including:

- HR 1646 and S 1401 – The Foreign Relations Authorization Act, Fiscal Years 2002 and 2003
- S 2778 - The Departments of Commerce, Justice, State and the Judiciary and Related Agencies Appropriations Act Fiscal Year 2003
- HR 5410 and S 2779 - The Foreign Operations, Export Financing, and Related Programs Appropriations Act Fiscal Year 2003.

The Inspector General met on several occasions with members of the House and Senate and their staffs to review and comment on a variety of issues and questions regarding proposed legislation affecting the operations and programs of the Department and the BBG.

## Outreach/Media Assistance

The Inspector General briefs all newly appointed ambassadors and new Foreign Service officers on the role and function of the OIG, as well as on specific issues related to their respective assigned embassies. Members of the OIG executive staff provided briefings to two classes of new Civil Service employees on the role, mission, and services provided by OIG.

The Inspector General was invited to participate in a conference for FSNs on September 26 and made a presentation to 45 FSN participants on the work of the OIG.

During this reporting period, OIG responded to several media inquiries regarding its review of U.S. policies and actions in Venezuela, as well as other OIG activities and reports.

### Anti-corruption

The Acting Inspector General for Congressional/Media Affairs, Policy and Outreach conducted a three day anti-corruption seminar for the Honduran Government, and participated in a WorldNet interactive meeting on “Anti-corruption Strategies and Money Laundering.”

The Acting Assistant Inspector General for Congressional/Media Affairs, Policy and Outreach and the Assistant Inspector General for Inspections met with the Embassy of Ireland to discuss the establishment of an inspection process in the Irish foreign ministry.

### Policy Review

OIG continued to review and comment on new and revised Department policies and procedures. The policies and procedures published include strengthened management and internal controls and more clearly defined lines of authorities and accountability.

OIG participated in the President’s Council on Integrity and Efficiency (PCIE) monthly meetings with other Inspectors General. The PCIE focused on ways to improve the economy and efficiency of government programs and operations, better coordinate joint efforts and address common concerns, and share best practices to improve the work of Offices of Inspectors General.

OIG continued its participation in the Department's senior level Management Control Steering Committee to identify and make recommendations to correct material weaknesses that were reported to the President and the Congress.

## Progress in Implementing the Government Performance and Results Act

The Department continues to make progress in strategic and performance planning. The Department created an Office of Strategic and Performance Planning in the new Resource Management Bureau (RM), and has taken steps to align the planning and budgeting processes. For example, the revised mission performance planning process requires missions to prioritize their objectives and limit goal papers to the top five performance goals. Further, OIG officials attended many of the senior policy and management reviews chaired by the Deputy Secretary and found them to be well focused on the major policy issues and resource needs of each bureau.

Improvement is still needed in establishing performance goals and measures within specific areas, however. For example, OIG's review of RPSO found that, despite the President's management initiative to "right size" overseas missions, the Department had not developed a strategic plan or clear performance goals for RPSO operations, and the RPSOs were not realizing their full potential as providers of regional services.

## Review of the Department's Federal Financial Management Improvement Act Remediation Plan

Agency financial management systems must comply with the Federal Financial Management Improvement Act of 1996 (FFMIA) requirements. If they do not, the agency must establish a remediation plan, which includes the resources, remedies, and intermediate target dates to bring the systems into substantial compliance. The Department established a remediation plan in March 2000 to bring its systems into compliance by September 2003, and it updated the plan in October 2001.

Under FFMIA, OIG is required to report in its Semiannual Report to Congress instances and reasons when an agency has not met intermediate target dates established in the remediation plan. OIG reviewed the Department's progress, as of

June 2002, in meeting the intermediate target dates it had established. The Department had made considerable progress in its efforts to comply with FFMIA by completing 50 percent of its remediation plan projects and, as a result, reducing its degree of noncompliance.

However, OIG found that the Department had extended intermediate target dates for four projects: Fixed Assets System – Personal Property, Financial Reporting Software, Business Continuity and Contingency Plans, and Central Financial Planning System. Extended target dates for the first three projects were the result of delays in project initiation and the complexity of data conversion. The Department expects to complete these projects by September 2003. The Department restructured the fourth project, the Central Financial Planning System, and established new milestones and target dates. The restructured project is not expected to be completed until December 2004.

OIG plans to issue a report discussing its review in more detail during the first quarter of FY 2003.



OIG MEMO



## SPECIAL REPORT

### A Review of U.S. Policy Toward Venezuela November 2001 - April 2002 (02-OIG-003)

In response to a request from Senator Christopher J. Dodd, Chairman of the Subcommittee on Western Hemisphere, Peace Corps, and Narcotics Affairs of the Senate Foreign Relations Committee, the Inspector General issued an unclassified report along with a classified annex on U.S. policy and actions during the weekend of April 12-14, 2002, when Venezuelan President Hugo Chávez was briefly ousted from power, and the six-month period preceding that weekend. OIG found nothing to indicate that the Department or Embassy Caracas planned, participated in, aided, or encouraged the overthrow. The record shows that the Department and the embassy consistently dis-

couraged the use of undemocratic and unconstitutional means to remove the democratically elected Chávez government. Similarly, OIG found that U.S. assistance programs in Venezuela, including those of National Endowment for Democracy (NED), were



Venezuelans demonstrate in Caracas.

consistent with U.S. law and policy in support of democracy and constitutionality. While it is clear that NED, the Pentagon, and other U.S. assistance programs provided training, institution building, and other support to organizations and individuals understood to be actively involved in the events of April 12-14, we found no evidence that this support directly contributed, or was intended to contribute, to President Chávez's brief ouster.



# SECURITY

## Security Audit

During this reporting period, Office of the Inspector General Security and Intelligence Oversight Office (OIG/SIO) completed a special review of security at the Department's Washington headquarters. The review principally focused on the physical security of the Harry S. Truman building and immediate response plans for emergencies affecting headquarters.

## Security Inspections

During the period of April 1 to September 30, 2002, OIG/SIO published 28 reports related to its security oversight inspections. Twenty-one of these inspections were conducted in conjunction with management reviews by the OIG's Office of Inspections (OIG/ISP) and were limited to an examination of individual physical security and emergency preparedness. These "limited-scope" inspections were aimed primarily at identifying and correcting weaknesses in the mission's ability to defend itself against a large-scale vehicle bomb attack.

"Full-scope" inspections, covering the full-range of a mission's security program, including emergency preparedness, physical, technical, procedural, information, and personnel security, were conducted at six missions – Embassies Moscow, Ulaanbaatar, Seoul, Canberra, Singapore, and Kuala Lumpur. One compliance follow up review, examining the degree of a mission's compliance with the recommendations of a previous inspection, was conducted at Embassy The Hague.

Twelve of the inspections were of U.S. missions within the Department's Bureau of African Affairs. Of the remainder, ten were from the Bureau of European and Eurasian Affairs, five were from the Bureau of East Asian and Pacific Affairs, and one was from the Bureau of Western Hemisphere Affairs.

Because these inspections focused largely on physical security and emergency preparedness, the majority of the inspection findings fell within these two categories. Of all the findings the most prevalent pertained to emergency preparedness. U.S. missions are required to review their Emergency Action Plans (EAPs), on an annual basis and to submit a fully revised plan every three to five years, depending on their designated terrorism and political threat category. The inspections determined that more than half of the missions had not conducted the required review and testing of their emergency procedures.

The importance of these findings cannot be overstated. As noted by the survivors of the most recent large vehicle bomb attack against the U.S. consulate in Karachi, Pakistan, the lack of personnel injury was attributed to the instinctive response by staff as a result of frequent emergency procedure drills. The deficiencies noted in all emergency procedure programs are easily correctable, usually requiring little if any additional resources.

In the area of physical security, the most common deficiency was the lack of current technical and physical security surveys. These reviews are essential to ensuring the currency of the mission's physical, technical and procedural defenses and play a critical role in the proper allocation of the Department's security resources.

In summary, the 28 inspection reports issued during this reporting period identified recurring deficiencies at U.S. missions. Fortunately, these and many of the mission specific deficiencies are correctable with little additional funding.

Because these reports discuss specific security vulnerabilities at the Department and its missions, synopses of these reports will be published as a separate classified annex to this report. A list of the classified reports issued during this semiannual period may be found in Appendix 2 of this report.

# INSPECTIONS

## Europe and Eurasian Affairs

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### Inspection of Embassy Bern, Switzerland (ISP-I-02-36)

Switzerland has long played an important, though limited, role in U.S. foreign policy interests. It actively supports international humanitarian and cultural work and has protected U.S. assets and represented U.S. interests in countries like Iran. Although sometimes U.S.-Swiss relations have been strained over issues like Holocaust compensation, the bilateral relationship has remained healthy with significant shared long-term interests in democracy and free-market economics. Economic and business ties, particularly in foreign investment, have always been an important part of the U.S.-Swiss relationship. Switzerland is becoming more important to U.S. foreign policy with the current war on terrorism and Switzerland's move away from its traditional neutrality in world affairs.

The current size of the embassy is appropriate, and recent Department decisions to increase support personnel should be reconsidered. One existing position should be reallocated to operational diplomatic functions in Switzerland. The embassy cannot adequately cover Switzerland's most important city, Zurich, from Bern. A more permanent American presence should be established in Zurich, even if it means relocating existing personnel from Bern.

Keeping residential streets around the embassy closed for security reasons can be only a temporary measure. The Bern City Council wants to open the streets. A reasonable effort should be made to relocate the chancery to a safer location when feasible.

The embassy's communications facilities are woefully inadequate, despite the best efforts of the embassy over a number of years to secure adequate resources. The Department needs to allocate resources to rectify the communications problems quickly.

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## Inspection of Mission Geneva, Switzerland (ISP-I-02-38)

The U.S. Mission in Geneva is a unique post, dealing with 175 United Nations (UN) and other international organizations and about 159 permanent delegations from other countries. Compartmentalization at the UN is mirrored in the mission. The mission represents the United States and supports the many U.S. delegations that come from Washington to participate in a wide range of conferences. The mission is also tasked with promoting reform of the UN system and working to recast the multilateral organizations dedicated to social, economic, and humanitarian work. The mission must do so in an environment marked by extensive political, economic, and ideological differences. Pulling it all together is a management challenge, which the current mission leadership is ably meeting.

Cooperation between the mission and the two ambassador-led permanent delegations to the Conference on Disarmament (CD) and the World Trade Organization (WTO), which are collocated in one chancery building, is the best that it has been in years, because of the collegial efforts of the three ambassadors. Nonetheless, the Department has been seriously remiss in completing in a timely manner the chief of mission's letter of authority for the U.S. Mission Ambassador.

Geneva needs more space than the average overseas mission to accommodate the large number of temporary delegations that regularly visit Geneva. The recent unanticipated move into the chancery for security reasons of the United States Trade Representative (USTR) delegation has seriously reduced the space available. Even so, the USTR delegation now occupies space that is less than half the size of its previous quarters. In addition, under current circumstances, the mission will not be able to support the increase in permanent and visiting delegations that is anticipated because of the Doha round trade negotiations or the possibility of renewed CD negotiations and other arms control activities. The mission and the Department need to move forward urgently with short and long-term ameliorative measures.

The administrative management of the mission is impressive. Resources have been used effectively, the mission responds well to crises (such as the unanticipated move by USTR), and the large majority of visiting delegates are satisfied with the level of administrative support they receive. Some work needs to be done, however, to meet the perceived needs of arms control delegations.

Policy guidance from Washington for Mission Geneva is inconsistent. The mission and the Department need to establish a clear process for providing guidance, particularly for conferences that do not usually rise to national security priority levels.

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### Inspection of the U.S. Delegation to the Conference on Disarmament, Geneva, Switzerland (ISP-I-02-46)

The Conference on Disarmament (CD) has been at an impasse for about five years, because of the failure of the members to agree on an agenda for future work. In spite of the impasse, maintaining a permanent delegation is justified for the foreseeable future by the need to remain in touch with other delegations, to reconfirm U.S. support for multilateral forums, and to continue to press for recommencing negotiations. The U.S. delegation to the CD has handled the challenges of the impasse well, and made a number of administrative changes to reduce a waste of resources.

The CD delegation and the U.S. Mission in Geneva, which are co-located in a single chancery building, have gone through some difficult times, including adjusting to the 1998-1999 integration of the Arms Control and Disarmament Agency into the Department. Substantial progress has been made, but work remains to be done in clarifying the administrative support structure and resolving lingering perceptions of inadequate U.S. Mission support to visiting arms control delegations.

With the unanticipated move into the chancery in October 2001 of the USTR delegation to the World Trade Organization, there is now insufficient space to support peak loads for visiting arms control delegations. This shortage will become acute should the impasse within the Conference on Disarmament be broken. The Department and the mission need to move ahead as quickly as possible with both short- and long-term solutions to the space shortage problem.

The Ambassador to the Conference has traditionally had a mandate restricted primarily to the CD negotiations, and he has had little substantive interaction with other arms control delegations or discussions. The current ambassador, who is resident in Geneva, might usefully play a broader coordinating and facilitating role during and between negotiations.

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## Inspection of Embassy Rome, Italy, and Constituent Posts (ISP-I-02-13)

Embassy Rome is effectively managing the bilateral relationship with Italy. There is a broad range of high priority issues on the U.S.-Italian policy agenda, including the North Atlantic Treaty Organization, the European Union, the Balkans, and post-September 11 fall-out. The mission has performed well in handling the unprecedented challenges emanating from September 11.

The major ongoing resource and management issue that the embassy must address is the Via Sardegna Annex and the need to relocate the U.S. agencies located there promptly. The Department should not consider the sale of either the Naples or Florence Consulate General properties in the absence of a decision to close these missions. The embassy needs to pay greater attention to consular establishments in Italy and should review the adequacy of the current geographic distribution of the consulates general and consular agencies. The mission should also hold annual consular principal officers meetings and establish a well defined framework for political and economic reporting from the consulates general.



Embassy Rome, Italy

The public affairs section is stretched thin but is very well managed and provides outstanding support to the three U.S. missions in Rome. The consular section and the consulates are also providing a high level of customer service to U.S. citizens. The political and economic sections are turning out good reporting and are responding well to post-September 11 taskings by Washington. The administrative operations are responsive to the needs of the three U.S. missions in Rome. The administrative staff provides good support for the many presidential and other high-level

visits to Rome. Individual administrative unit performance is mixed. Financial management is good, but there are serious space and personnel problems in the information management unit. Administrative leadership should give more attention to morale issues and the quality of staff apartments should be improved. Management controls, with few exceptions, are in place. With the exceptions of property disposal and inventory control procedures, embassy management has identified most weaknesses in Rome and the consulates general.

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## Inspection of Embassy Tbilisi, Georgia (ISP-I-02-45)

Embassy Tbilisi maintains an active bilateral dialogue with senior Georgian leaders, up to and including the president. The embassy is the focal point for a wide array of U.S. programs that promote Georgian national security, as well as political and economic development. The cumulative value of those programs since Georgia's independence is over \$1 billion.

Increased assistance to Georgia has caused the embassy to triple in size since 1998 and to relocate many of its personnel to an annex a considerable distance from the chancery. Rapid growth has generated a number of management challenges and strained the embassy's ability to provide adequate administrative support.

The extended gap in the appointment of an ambassador and a succession of weak administrative personnel in the past have contributed to management's inability to provide cohesive leadership and coordination among the many sections of the embassy, resulting in low morale. The recently arrived administrative officer, with considerable assistance from the Regional Support Center in Frankfurt, is increasing the quality and quantity of services to the mission.

The Department has purchased land for a new embassy complex. However, the embassy has raised security problems associated with the site. The Department has promised to resolve the problems, but has not specified when.

Overly restrictive requirements for employees to receive the service needs differential have created the potential for unnecessary personnel turnover. Modifications made by the Department in April are not sufficient to solve potential problems.

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## Inspection of Embassy Yerevan, Armenia (ISP-I-02-48)

Embassy Yerevan continues to be a key link in U.S. efforts to promote economic and political reform in Armenia and regional stability throughout the Caucasus. Embassy management has succeeded in integrating all U.S. agencies into a coordinated effort to advance U.S. goals and objectives. It has also succeeded in welding together a close knit, well functioning mission community encompassing both American and FSN staff. Overall morale is high.

Construction of a new embassy, scheduled for completion in 2004, will enhance security and should relieve overcrowding. Steps must be taken now to ensure that new embassy plans take into account projected significant growth in the number of personnel and that the U.S. Agency for International Development (USAID) will be able to move to the new facility on time.

Embassy Yerevan's consular antifraud program has had an impact on the consular workload significantly by increasing the number of procedural callbacks the section must process, and lengthening processing time for visa cases generally. In addition, this program's failure to conform to the Consular Management Handbook 663 and 664 sharply increases the risk of employee malfeasance.

As in Tbilisi, overly restrictive requirements for employees to receive the difficult to staff incentive differential have created the potential for excessive personnel turnover. Modifications made by the Department in April are not sufficient to resolve the potential problems.

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## Inspection of Embassy Baku, Azerbaijan (ISP-I-02-34)

Embassy Baku is doing a good job of articulating U.S. policy to the government of Azerbaijan, supporting peaceful resolution of the Nagorno-Karabakh conflict, and fostering regional economic development. The President's recent waiver of Section 907 of the Freedom Support Act means that U.S. programs in Azerbaijan will increase. Inevitable pressure for the embassy to take on more personnel as programs expand must be balanced against space limitations and the embassy's ability to provide security and administrative support.

The Ambassador's ability to direct and manage the increase in U.S. program activity will be enhanced if all U.S. agencies located in Baku give their resident representatives full authority to make decisions, in conjunction with the Ambassador, on local programs.

The Department's inability to provide officers with the requisite experience to fill jobs at Embassy Baku is the biggest single management problem that the embassy faces.

Overly restrictive requirements for employees to receive the service needs differential have created the potential for unnecessary personnel turnover. Modifications made by the Department in April are not sufficient to resolve the potential problems.

Management controls are in place and functioning well, with some exceptions. There is a serious vulnerability in the financial management of grants awarded by the public affairs section. Obligations for small grants issued under the Freedom Support Act were mistakenly recorded, and the grants were not executed until the subsequent fiscal year, constituting a possible administrative violation of the Anti-Deficiency Act. In addition, the embassy needs to make payments by electronic funds whenever possible.

## Western Hemisphere Affairs

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### Inspection of Consulate General Curacao, Netherlands Antilles (ISP-I-02-18)

Consulate General Curacao is a two-officer Special Embassy Program<sup>1</sup> (SEP) consulate general burdened with a heavy workload, but operating with only limited resources. After nearly being closed in 1998, the consulate general is suddenly overwhelmed by national security, law enforcement, citizen services, and other consular requirements in a district covering six islands and extending more than 500 miles.

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<sup>1</sup>The Special Embassy Program was designed to preclude growth at missions abroad where U.S. interests are limited, permit missions with limited resources to concentrate on essential objectives by relieving them of lower priority, Washington-imposed work requirements, and simplify or streamline operations so that missions can operate more effectively and efficiently. Embassies are automatically included in the program when U.S. citizen direct-hire positions are 30 or fewer for all agencies or 15 or fewer direct-hire Department positions. Embassies lose their membership when they reach 35 direct-hire positions.

The new consul general has support responsibilities for, and chief-of-mission authority over, contingents from three federal agencies operating in Aruba, as well as a small Drug Enforcement Agency office in Curacao. The mission's efforts will be better focused on its highest priorities after it prepares mission performance, representation, and travel plans.

Providing consular services to well over one million American tourists and residents is the key consulate function. Effective performance is hindered by the distant locations of the six islands comprising the consular district, the lack of an experienced and well trained staff, and the fact that Aruba, another island apart from Curacao, has the heaviest consular workload. A consular agency was recommended for Aruba.

A \$5.8 million security construction project now underway at the consulate general requires more on site oversight by the Bureau of Overseas Building Operations to ensure that the work is done properly and in conformity with the contract. The first-tour consular/administrative officer, designated as the contracting officer's representative, lacks both construction and contract management expertise. Additionally, the international cooperative administrative support system exists only on paper in Curacao, a problem that must be remedied.

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## Inspection of Consulate General Hamilton, Bermuda (ISP-I-02-39)

Operations at Consulate General Hamilton are focused on supporting airport preclearance procedures that facilitate American tourist travel, providing services to American citizens, resolving environmental issues that were left after the closing of the U.S. military and National Aeronautics and Space Administration bases, and encouraging the government of Bermuda to control money laundering. The consulate general is doing a good job of looking after these interests.

Relations between the United States and the self-governing United Kingdom Overseas Territory of Bermuda are good. The narrowly based Bermudan economy is heavily dependent on American tourism and offshore business operations that either represent U.S. companies or target U.S. markets.

Support and responsibility for Consulate General Hamilton are not centralized within the Department. Since Bermuda is an overseas territory of the United Kingdom, it is reasonable that the consulate general fall under the auspices of

Embassy London. The \$2 million security construction project now underway requires more oversight by the Bureau of Overseas Building Operations to ensure that the work is done properly and in conformity with the contract.

## African Affairs

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### Compliance Follow Up Review of the Inspection of Dakar, Senegal (ISP-C-02-28)

OIG found that Embassy Dakar largely complied with recommendations made during the 2000 inspection. Notwithstanding significant staff turnover, 44 of the original 54 formal recommendations had been closed since the inspection. The embassy and OIG closed nine additional recommendations during the compliance review. One recommendation was revised and reissued. That recommendation involved the need for the Department to translate diplomatic notes and other documents for use at U.S. embassies throughout French-speaking Africa centrally. OIG made no additional formal recommendations. Many of the original recommendations related to issues in human resource management, procurement activity, management controls, and revising and better targeting the embassy's Mission Performance Plan. Embassy Dakar and the Department successfully resolved these issues. Embassy Dakar supports several other embassies in the region and memoranda of understanding governing these relationships have been concluded. The embassy identified and documented activity used in its surrogate role for the former embassy in Guinea-Bissau.

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### Inspection of Embassy Abuja and Consulate General Lagos (ISP-I-02-33)

Nigeria has been described as a "linchpin" of U.S. African policy. The United States depends on Nigeria for oil imports, support in the fight against terrorism, assistance in promoting regional stability, and as a major market with growth potential for U.S. exporters. The Ambassador and his country team have a clear understanding of U.S.

interests in Nigeria and have had success in advancing that agenda. He and the deputy chief of mission have effective, ready access to the highest levels of the Nigerian government.

The major problem for the U.S. mission to Nigeria is staffing shortfalls in Abuja and Lagos, particularly the inability to fill midlevel positions. This same key judgment was cited in OIG's last two inspection reports, issued in 1993 and 1997. There can be no real progress on other vital issues as long as the mission has long staffing gaps, relying on makeshift arrangements of junior officers, temporary duty retirees, Civil Service employees on excursion tours, and contract employees to fill key positions. Consular operations, almost entirely based in Lagos, need additional staffing. CA has begun to address this situation by providing additional temporary duty staff.

There remain some problems arising from the transfer of the embassy from Lagos to Abuja in 1999. Embassy Abuja consists of three small residential buildings in a single compound. It lacks the space and administrative support necessary for the growing demands placed on it as the Department and other U.S. government agencies locate more staff in Abuja. There are plans to build a new embassy in Abuja, but groundbreaking has been postponed twice, and it is unclear when the project will begin. The new embassy will likely not be completed for several years, and its proposed size may be inadequate for projected staffing increases. Further, the transfer of the embassy has resulted in some confusion over lines of authority within the mission and disagreements over resource allocation. This situation has contributed to inefficient operations, weaknesses in management controls, misunderstandings, and low morale, and it should be a priority for mission management to resolve.

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## Inspection of Embassy Bangui, Central African Republic (ISP-I-02-35)

Embassy Bangui operates in a difficult environment of extreme isolation, constant health hazards, and a chronically dangerous security situation. Political and social unrest caused the suspension of embassy operations for over a year in 1997-98; another violent revolution and army mutiny in May 2001 again threatened stability in the country. The shaky security situation caused the Peace Corps and USAID to close their offices, thereby reducing the U.S. presence and assistance levels in this desperately poor nation. This vacuum, along with a reduction in the French military presence, has been filled by Libya, whose troops are a major source of support for the regime.

Nevertheless, this small embassy and its energetic ambassador are actively pursuing limited U.S. interests. The consular section is mindful of its need to protect the over 300 American citizens resident in the Central African Republic and is well organized to meet future emergencies. The section's work in uncovering a visa fraud scheme involving Yemeni nationals is also commendable.

Diplomatic readiness, while more than adequate within the embassy itself, suffered from deficiencies in regional support in areas such as health care, financial management, and personnel.

Embassy Bangui's reporting of local events has been good, but it should include more coverage of the substantial Libyan presence and Libya's policies toward the country and the region. The embassy also needs to track more carefully the use and effectiveness of projects in the Central African Republic that are funded by the Bureau of Population, Refugees, and Migration.

The Department needs to decide whether Embassy Bangui remains viable, balancing the advantages of maintaining a presence in the Central African Republic and the protection of resident Americans against the personal security and health hazards for embassy personnel, the limited influence of our democratization and other progress on the current regime, and the expense of funding an embassy with so few remaining U.S. programs.

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## Inspection of Embassy Cotonou, Benin (ISP-I-02-37)

The Ambassador is an energetic representative who has raised the profile of the U.S. Embassy in Benin. She and her country team have a Mission Performance Plan that clearly details U.S. interests and contains appropriate strategies to advance them. Moreover, the Ambassador has ready access to the highest levels of the Benin government.

Embassy Cotonou illustrates the high costs of maintaining a small embassy in a country with limited strategic interest for the United States. The embassy has grown briskly, doubling in size over the last ten years. Although it is under the Special Embassy Program (SEP) in a benign, low-threat environment, it requires all of the security, communications, and administrative infrastructure associated with larger embassies.

Embassy management and the Department should ensure that programs, reporting, and other activities are commensurate with the resources and spirit of the SEP concept, i.e., not taking on extra activities or Department “taskers” not meant for SEP embassies.

The Bureau of African Affairs (AF) and the embassy need to engage in a regular dialogue about reporting requirements. Feedback from AF would focus reporting and increase its utility to Washington policymakers.

The arrival of the two rotational junior officers in January 2003 should create optimum staffing. Converting the current consular/political/commercial junior officer position into a rotational position will lessen the likelihood of one key activity being slighted for another, while reducing overtime.

Rapid growth and the need for enhanced security have exceeded the capacity of embassy facilities. The embassy buildings were not designed for the uses being made of them and do not lend themselves to improvement. Most of them are in various stages of renovation and upgrade. The upgrades have caused some damage and had unintended consequences, and the electrical system is dangerously overloaded.

The embassy’s public diplomacy programs and activities are closely aligned to the Mission Performance Plan goals and objectives. OIG commends the work of the public diplomacy local staff, who, in the absence of a permanent public affairs officer, have carried out successful programs to meet key American policy objectives. The Ambassador’s active participation in public diplomacy programs is praiseworthy.

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## Inspection of Embassy Kinshasa, Democratic Republic of the Congo (ISP-I-02-40)

As a large country with strategic and economic potential, multiple conflicts, and many domestic and foreign opponents, the Democratic Republic of the Congo commands significant U.S. government attention. However, in recent years policy implementation has been inhibited by repeated evacuations, and by tensions in the bilateral relationship. Now, taking advantage of the more favorable attitudes of the new government, Embassy Kinshasa has established a constructive foundation for a highly focused pursuit of its well articulated policy goals. The mission is well run, and its leadership is popular. Despite the depressing physical environment and discouraging operational one, morale is good and the degree of collegiality is exceptional.

As the Congolese situation develops, demands on the embassy will grow. A few new resources are being added, but there is still a need for an additional political officer and for improved connectivity with the consular section. Embassy management gives its full support to the security program.

Though no longer one of the largest U.S. diplomatic missions, Embassy Kinshasa continues to be responsible for substantial U.S.-government-owned real estate. Three of these properties should be disposed of, and the second position in the facilities maintenance section should be eliminated. The inspection also found significant management controls vulnerabilities.

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## Inspection of Embassy Luanda, Angola (ISP-I-02-41)

Relations between the United States and Angola suffer from lingering antagonism. As the United States searches for energy alternatives, Angola's resources are being noted. Embassy Luanda's reports are read with interest by people in a variety of offices within the Department and other U.S. agencies. Readers applaud the increased credibility of reporting under the present leadership. However, until the Ambassador succeeds in building team spirit, the embassy will continue to operate less than optimally. The Department bears considerable responsibility for the demoralizing conditions, particularly with regard to the physical plant. Using trailers, mobile homes, and prefabricated buildings, both the chancery and the annex have deteriorated steadily since Embassy Luanda was established in 1991. OIG found the combined chancery–new construction site to be dangerous. In response to OIG's findings, the Department dispatched the construction branch chief and the area manager to Luanda to find ways to correct the identified problems and compelled the contractor to assign an American safety supervisor to the construction site. OIG supports these actions, but is still concerned. When the repair and renovation is complete, the embassy's annex will remain unsafe, excessively expensive, and inefficient. The decision to continue leasing space at the annex for a sum of approximately \$1,007,000 is questionable.

There is considerable dissatisfaction with administrative services, attributable to communications and computer systems disruptions and power interruptions. General services have improved, but there is still no effective procurement function. Also, greater attention to the management of FSNs is needed.

The systems administrator is responsible for unclassified operations at the Miramar compound and Casa Inglesa. This workload which requires supporting about 50 workstations is enormous. Currently, there is no dedicated computer systems support for Casa Inglesa; consequently, long gaps in communications and breakdowns in systems operations occur frequently.

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## Inspection of Embassy Niamey, Niger (ISP-I-02-42)

U.S. relations with Niger have improved rapidly since the current government was elected democratically in 1999. Both the embassy and the Bureau of African Affairs (AF) regard Niger as an island of stability and reform in a volatile region. Nevertheless, Embassy Niamey's desire to take an activist role that supports and reflects this outlook is limited by the scarcity of resources and the lack of a USAID presence.

An effective ambassador, her deputy chief of mission, and a strong team of colleagues maintain good personal relations with their counterparts at all levels of the host government.

Political and economic reports are well written and well focused. Reporting is further improved by the Ambassador's practice of including key FSNs in a weekly meeting with reporting officers. Since these employees have many important contacts, these meetings contribute significantly to the embassy's understanding of local developments.

The embassy's public diplomacy program is in regular contact with Niger's media and has close relations with regional cultural entities and performers, an important achievement in a country where strong ethnic and regional differences can be politically worrisome. The public diplomacy section presents vibrant programs in Niamey and other towns that present the United States very well in a nation where American culture, ideals, and policies are largely unknown.

The embassy works closely and cooperatively with the Peace Corps, whose more than 100 volunteers work on food security and health/nutrition programs and routinely address HIV/AIDS-related issues.

In 1998 USAID closed its mission in Niamey, transferring its responsibilities to its regional office in Bamako, Mali. To fill this gap, the Ambassador has used mission funds to create a development assistance office to oversee embassy and USAID projects. The development assistance coordinator aggressively pursues new sources of funding for worthy projects, especially those related to HIV/AIDS.

The embassy has asked that USAID help support the development assistance office, either by assigning a direct-hire American USAID employee to Niger or funding the current development assistance office. In the absence of a formal response to these requests, AF needs to raise this matter formally with USAID.

Although the embassy's administrative section is highly effective, Niamey's 1997 inspection report recommended that Embassy Niamey's general services offices and warehouse be relocated to the embassy compound. This has not been done. The current warehouse is still several miles away from the chancery, and there is space on the compound for it. Savings each year of approximately \$17,000 in leasing costs and \$10,000 in guard costs, along with reduced wear and tear on vehicles and reduced personnel travel time would quickly pay for the cost of an on-compound warehouse. Embassy Niamey should submit its plans for moving the warehouse to the chancery compound as soon as possible.

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## Inspection of Embassy Ouagadougou, Burkina Faso (ISP-I-02-43)

U.S. relations with Burkina Faso, one of the world's poorest nations, are correct but strained by the government's involvement in clandestine arms and diamond trading that support rebel movements in the region. Burkina Faso's regime has also aided coup plotters in Cote d'Ivoire. Police violence, including extra-judicial killings, is also on the rise.

The ambassador maintains a strong network of personal relationships that includes the highest levels of the government and uses this top level access to press the government to end smuggling and other support for destabilizing elements in the region and to increase democratization at home.

However, the ability to carry out U.S. goals in Burkina Faso is constrained by the modest resources allocated to the embassy. The absence of a USAID mission further constrains the embassy's ability to influence U.S. programs in important policy areas. Relations with the Peace Corps, the only other U.S. government agency in Ouagadougou, are close and cooperative.

The embassy's political reporting is impressive; however, Embassy Ouagadougou needs to establish an economic reporting program. The embassy provides virtually no coverage of Burkina Faso's internal economy, whose acute difficulties have brought it under the tutelage of the International Monetary Fund and the World Bank. The current Mission Performance Plan does not establish any economic reporting goals or targets.

Even though about 300 U.S. citizens live in Burkina Faso and the country's political stability is chronically shaky, Embassy Ouagadougou's current Mission Performance Plan does not address enhancing American citizens services and other consular goals and objectives.

Communications between the embassy's front office and its public diplomacy section are spotty, in part because the public affairs section still resists full integration into the embassy. Embassy Ouagadougou's public diplomacy offices are located across a busy street from the embassy compound, but, inexplicably, not within the embassy's newly built security perimeter. Both for security reasons and better integration of the public affairs program into the embassy, relocation of the public affairs officer and his staff to the compound should be a priority. Partly because of duplicated administrative responsibilities between the public affairs section and the embassy's administrative section, Ouagadougou's public diplomacy local staff is excessively large. The American Language Center, one of Ouagadougou's few English language teaching facilities, is located in a dilapidated building about 15 minutes from the chancery.



American Language Center, Embassy Ouagadougou

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## Inspection of Embassy Windhoek, Namibia (ISP-I-02-47)

Modern, democratic, and prosperous, Namibia faces national elections in 2004 that could determine whether the country stays this course or follows the regressive pattern of its neighbor, Zimbabwe. Embassy Windhoek's Mission Performance Plan is too wide-ranging; the embassy needs to refocus its policy aims on a small number of key objectives relevant to the coming elections.

Embassy management is experienced, "people-oriented," and popular, but the rhythm of work is upset by the chancery's partial evacuation for renovation. Despite the debilitating disruptions of temporary workspace and growing crime, morale is good, as are interagency relations. In a country with continuing racial tensions, the embassy works hard to make itself a model of tolerance and opportunity. The security program has embassy management's full support and embassy-wide backing, but the local guard force is underpaid and unhappy.

The facilities maintenance manager is fully occupied by reconstruction of the chancery and other serious problems in the embassy plant. He should be relieved of regional responsibilities. Similarly, the proposal that added a regional information specialist to meet Embassy Windhoek's extra needs has not worked. The position should be made a full-time, Windhoek-based one.



Construction site, Embassy Windhoek

## Domestic Bureaus

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### Inspection of the Bureau of Legislative Affairs (ISP-I-02-53)

With the strong encouragement and support of the Secretary, H is actively promoting greater Department outreach to Capitol Hill. This new approach has won considerable support both within the Department and on the Hill.

Reorganization within H by the new Assistant Secretary has helped raise its profile on the Hill, but has led to some uncertainty within the bureau about job responsibilities, including overlapping responsibilities among legislative management officers.

The three legislative operations units, which handle correspondence, travel, and interagency clearances, are striving to increase their efficiency and customer service orientation. A new Department office in the Rayburn House Office Building, staffed by personnel from H and CA, has added an innovative dimension to Department outreach.

While all bureaus within the Department welcome the changes in H, some add that clearance procedures within H should be streamlined. Some personnel in H echoed this view. The bureau has taken clear steps to address the concerns.

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### Inspection of the Bureau of Public Affairs (ISP-I-02-44)

The Bureau of Public Affairs (PA) continues to carry out with commendable professionalism its central role in explaining U.S. foreign policy to the American public, while taking on extensive new responsibilities as a result of the consolidation of the Department and U.S. Information Agency. The Assistant Secretary for Public Affairs performs his role as Department Spokesman with distinction. One person cannot, however, respond to the daily imperatives of the Spokesman's role without

seriously limiting his ability to direct the bureau's other responsibilities. Accordingly, the position of the Department Spokesman should be separated from that of the Assistant Secretary for Public Affairs in the future.

The inspection report made a number of suggestions for improving the operation of different PA offices:

- The Office of Strategic Communication has a valuable contribution to make to the bureau and to its partner bureaus that report to the Under Secretary for Public Diplomacy and Public Affairs, but its work needs to be refocused on the strategic and the long-term, away from tactical, short-term projects.
- The Department's labor intensive but carefully choreographed daily press briefing is cogent, informative, and essential to the articulation and dissemination of the U.S. government's foreign policy message. The daily flow of cleared policy information is also essential to accurate media coverage. However, the human costs of this effort are very high, and the bureau must attend to the serious attendant problem of employee dissatisfaction.
- The USAID press office, attached by legislation to PA, is a key element in telling the story of U.S. humanitarian assistance and economic development, but lax oversight and ineffective support have prevented the office from fulfilling its mission. Staffing the USAID press office with qualified employees and supporting its operation must be an urgent priority.
- PA has developed an independent television broadcast capability for the Department, but its effectiveness is limited by lack of agreement about its proper role with IBB, upon which it depends for transmission assistance. The bureau needs to write a mission statement for its new American Embassy Television Network and reach agreement with IBB on the scope of its responsibilities in this area.
- The dramatic recent growth in the bureau's staff and budget—recognized in the elevation of the executive director position to senior level—has strained basic administrative functions and demands the full attention of the executive director and more attention from bureau leadership.
- The proposed multimillion dollar U.S. Diplomacy Center project, currently a responsibility of PA, may be more than the bureau can manage, unless extremely careful planning and coordination take place on matters of construction, security, finance, personnel, and information management infrastructure. The inspection report recommends that the Under Secretary for Management assist PA in determining the management structure for the proposed center.

OIG found no evidence that restrictions in the Smith-Mundt Act on mixing public diplomacy and public affairs have proved to be a serious obstacle to the bureau's work. However, closer coordination between PA and other elements reporting to the Under Secretary for Public Diplomacy and Public Affairs is needed as PA takes on new programs aimed at foreign audiences in addition to its primary job of reaching the American public.

The Historian's office has been reenergized under new leadership, but needs to finalize its reorganization, put a uniform set of standards in place to guide its staff in the compilation of the *Foreign Relations of the United States* (FRUS) series, and resolve disagreements between the Department and intelligence agencies over the inclusion of certain materials in the FRUS series.

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## Inspection of the Bureau of African Affairs (ISP-I-02-52)

AF is generally well managed and morale is good. The bureau's desk officers are engaged in more challenging work and have more autonomy than is customary for officers at their grade levels. Post management officers are handling large workloads. Public diplomacy has not been fully integrated with policy development. Public diplomacy efforts are complicated by the lines of authority that exist between bureaus and the Office of the Under Secretary for Public Diplomacy and Public Affairs.

Staffing shortages overseas and domestically, particularly at midlevel grades, (not unique to AF) is the bureau's most serious administrative problem. The bureau gets high marks from the missions it supports; however, there are issues of concern in the executive office.

Differences with the Department of Defense have been resolved, and there are no outstanding policy disagreements with the National Security Council. New arrangements for policy oversight and management have revitalized the Africa Crisis Response Initiative.<sup>2</sup> Interagency infighting that reduced effectiveness has ended. Peacekeeping training provided to African militaries through this program makes a valuable, but limited, contribution to the ability of the United States to deal with conflicts in Africa.

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<sup>2</sup>A program designed to train African soldiers for peacekeeping operations. Training was conducted in eight African nations. At the beginning of 2002, it was decided to replace ACRI with a new program called African Contingency Operations and Training Assistance (ACOTA). This program will not aim at the lightly armed "peacekeeping" envisioned under Chapter VI of the UN Charter, but at a stronger combat-oriented "peace enforcement" under the aegis of a regional organization or a "coalition of the willing."

The bureau focuses on distributing Economic Support Funds in support of foreign policy priorities but relies on USAID to manage individual projects. Program oversight is improving as the bureau gives country desk officers more responsibility. By agreeing to fund the initial costs of obtaining sovereign credit ratings for a number of African countries, under the Assistant Secretary's leadership, the bureau has taken an innovative and aggressive role in Africa.

## Best Practices

### **Bureau of Public Affairs – Best Practice: Home Town Diplomats**

The bureau created an effective Home Town Diplomats Program by changing a key component in an old and less successful program. Instead of financial inducements, the bureau offers individual recognition by the Secretary. As a result, the bureau's ability to send speakers into smaller towns and cities has increased at very little cost. The program has received an enthusiastic public response.

### **U.S. Mission Geneva, Switzerland - Best Practice: Using EFT to Pay Living Quarters Allowances**

Mission Geneva pays living quarters allowances monthly in Swiss francs via electronic funds transfer (EFT) to each participating employee's local checking account. The employees can then pay their rent and utility bills using online payments.

If Mission Geneva were less proactive, it would be following the older guidance of 4FAH-3 H-535.3, dated June 1995, which states, "living quarters, post and separate maintenance allowances are paid on the biweekly payroll." Under that system, living quarters allowances would be paid in U.S. dollars to employees' U.S. banks. The employees would write personal checks on their U.S. accounts to the U.S. Treasury and receive cash in Swiss francs from the mission cashier to pay for rent and utilities. To cover all eligible employees, the cashier would have to have on hand the equivalent of \$210,000 in Swiss franc notes every month. The actual payment of the rent and utility bills would entail a trip to a local bank or post office, during work hours, by each employee. This increases time away from the office, increases employee exposure to crime and thwarts the intent of the Debt Collection Improvement Act to reduce both the cash holdings and cash payments of the U.S. government.

As additional benefits for both the employees and the Department, the annual reconciliation of rent and utility payments at Mission Geneva is facilitated because the reviewing staff compares "apples to apples," and employees are kept whole regardless of exchange rate fluctuations during the year.

### **Embassy Niamey, Niger – Best Practice: FSN Meeting with Ambassador**

The Ambassador holds a weekly meeting of the most senior members of the host country staff, some of whom are closely connected to members of the local government. This practice gives the Ambassador a barometer of the ever changing opinions, policies, and actions of the host government.



# AUDITS

## Regional Procurement Support Offices (AUD/FM-02-39)

In light of the Department's goal to expand regional support and reduce its overseas presence, OIG evaluated the operations of the Regional Procurement Support Offices (RPSOs). The offices provide support to missions using their services in procuring goods and materials and processing the solicitation of bids and establishment of contracts. OIG sought to determine whether these offices were properly organized, located, managed, and funded and also to determine whether the Department was properly accounting for operations and recovering full costs through reimbursements to the Working Capital Fund, which is used for funding purposes.

OIG found that RPSOs provide effective services that are highly rated by the missions receiving them in several regions, including Europe and Africa. This conclusion was based on the results of an OIG survey of virtually all missions worldwide. However, some regions, including Eastern and Southern Asia, are not provided sufficient service and are lacking in procurement support at the regional level. Additionally, the findings showed that RPSOs provide only eight percent of total overseas procurement.

OIG concluded that RPSOs are not meeting their potential and would benefit from planning that addresses current deficiencies in management and geographic coverage, as well as changes in organizational structure to put all three current offices under one organization and one manager. Recommendations were made to effect these changes. In addition, funding is presently provided through the Department's Working Capital Fund, which is reimbursed through surcharges paid by missions using RPSO's services. A recommendation was made to assess this source of funding and determine whether alternate sources are better suited for the operation. OIG also found significant examples of accounting anomalies that distorted financial operating results and hindered RPSO's management in carrying out its functions. Several recommendations were made to correct these deficiencies.

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## Review of the Department of State's Monitoring of Contractor Performance (AUD/PPA-02-40)

OIG reviewed the Department's systems and procedures to monitor contractor performance. Specific objectives were to determine whether those Department officials with performance monitoring responsibilities followed federal and Department policies and procedures for monitoring contractor performance, ensured that contractor performance was in compliance with contract terms and conditions, and possessed the requisite training, technical expertise, and certification of qualifications to perform contractor performance monitoring. In addition to these objectives, OIG examined the Department's mechanisms for tracking and communicating with persons responsible for monitoring contractor performance.

OIG examined three domestic contracts, with a combined value of \$54 million, to determine whether policies and procedures were adhered to and the terms and conditions of the contracts had been met. In addition, OIG administered a questionnaire to Department officials worldwide who have served as contracting officer's representatives (COR).

In general, CORs responsible for the three contracts that were examined in detail followed policies and procedures related to contractor performance, ensured that contract terms and conditions were being met, and received appropriate training. However, OIG identified deficiencies in COR oversight that mirrored results from prior OIG contract audits. Also, OIG found that the Department lacked accurate records on who was serving as CORs and government technical monitors (GTM) assisting the CORs.

In addition, a significant number of the questionnaire respondents (from ten percent to 20 percent or more in some instances) provided answers to OIG's questions that pointed to shortcomings. Some examples of shortcomings that appeared on either the contracts examined or the questionnaire responses included invoices that were not processed in a timely manner, resulting in late payment interest penalties and the loss of available discounts; contract ceilings that were exceeded; deduction tables that were not used, but could have compensated the Department for services that were not rendered; a large number of CORs who were performing their duties part-time; and COR duties redelegated to GTMs who had not been properly appointed.

Because of the persistent nature of these and other shortcomings, OIG believes that the Department should oversee contractor performance monitoring more vigorously. The Department's Bureau of Administration (A) is moving in this direction by establishing a new division to oversee contractor performance monitoring. OBO has also instituted a best practice by implementing a training program for all of its personnel with COR duties. OIG believes that additional steps are warranted. The Department needs to maintain records on personnel with performance monitoring responsibilities and monitor their training qualifications, establish an intranet site for posting guidance and information pertinent to CORs and GTMs, and notify the executive officers of all bureaus and diplomatic missions of the need for CORs and GTMs to comply with Department guidance.

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### Review of Lockerbie Trial Costs (AUD/CG-02-43)

At the request of the Department, OIG reviewed the costs incurred in conducting the trial of the two Libyans accused of blowing up Pan Am flight 103 over Lockerbie, Scotland. In September 1999, the Department, based on an informal agreement to fund half the appropriate incremental costs of conducting the trial in the Netherlands rather than Scotland, awarded a grant to the United Kingdom of Great Britain (UK) to fund a portion of trial costs. OIG reviewed data related to conducting the trial from April 1999 through March 30, 2002. OIG's review verified the total costs of conducting the trial, and determined the appropriate incremental costs of conducting the trial in the Netherlands rather than in Scotland.

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### Follow Up Review of Iraqi National Congress Support Foundation (AUD/CG-02-44)

At the request of the Department's Bureau of Near Eastern Affairs (NEA), OIG conducted a follow up review related to recommendations in OIG's "Review of Awards to Iraqi National Congress Support Foundation" (Report Number 01-FMA-R-092, dated September 2001). Specifically, OIG reviewed corrective actions taken by the INCSF and also examined costs incurred between June 1, 2001,

and March 31, 2002, to determine whether INCSF expended federal funds for the intended purpose of the agreements, and in accordance with applicable Federal laws and regulations. OIG found that INCSF:

- Had taken significant steps to implement OIG's recommendations. OIG concluded that, based on INCSF's level of compliance with previous recommendations, the restriction of future funding recommended in the prior audit report is no longer necessary.
- Incurred questioned costs totaling \$110,851 relating to instances of non-compliance with applicable laws and grant terms and conditions or other applicable regulations.
- Had strengthened some financial controls, but had been unable to establish effective financial management, in part, because the INCSF did not have a long-term agreement or a consolidated budget plan. Subsequent to OIG's review, the Department provided an additional \$900,000, and released \$113,000 previously withheld, to cover unfunded liabilities. However, INCSF has operated without a grant agreement since June 1, 2002, and lacks funding to meet financial obligations incurred since that date.

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## Foreign Service Retirement & Disability Fund, 2001, 2000, and 1999 Financial Statements (AUD/FM-02-19)

An independent external contractor audited the Foreign Service Retirement and Disability Fund's (FSRDF) Financial Statements for FY 2001 to report on whether the financial statements fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles; determine whether FSRDF has an internal control structure that provides reasonable assurance of achieving internal control objectives; and, determine whether FSRDF complied with applicable laws and regulations. FSRDF is a trust fund that provides pensions to retired and disabled members of the Foreign Service. For FY 2001, FSRDF reported assets of \$11.3 billion and an actuarial unfunded pension liability of \$424.8 million. The external auditor issued an unqualified opinion.

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## International Boundary and Water Commission Financial Statements for FY 2001 (AUD/FM-02-25)

Under OIG's direction, an independent external auditor audited the International Boundary and Water Commission's U.S. Section (USIBWC), Financial Statements as of September 30, 2001, in order to report on whether the financial statements fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles, to determine whether USIBWC has an internal control structure that provides reasonable assurance of achieving internal control objectives, and to determine whether USIBWC complied with applicable laws and regulations. USIBWC is charged by a series of treaties between the governments of the United States and Mexico with the application, regulation, and exercise of the provisions of such agreements for the solution of water and boundary problems along the United States and Mexico boundary. For FY 2001, USIBWC reported assets of \$282 million.

OIG issued an unqualified opinion on the USIBWC Principal Financial Statements as of September 30, 2001. Although an unqualified opinion was issued, the report brings to management's attention internal control weaknesses relating to the financial management system. The audit did not identify any instances of noncompliance with laws and regulations that were considered necessary for disclosure.

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## International Cooperative Administrative Support Services, 2000 & 1999 Financial Statements (AUD/FM-02-26)

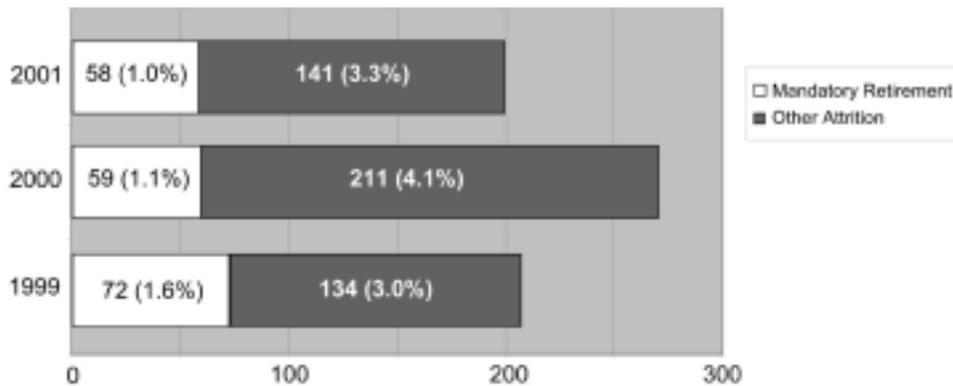
Under OIG's direction, an independent external auditor audited the International Cooperative Administrative Support Services' (ICASS) 2000 and 1999 Financial Statements to obtain reasonable assurance and express an opinion on whether the financial statements fairly present, in all material respects, the financial position and results of financial operations in conformity with generally accepted accounting principles; determine whether ICASS had an internal control structure that provided reasonable assurance of achieving internal control objectives; and determine whether ICASS complied with applicable laws and regulations.

The external auditor issued an unqualified opinion on the ICASS 2000 and 1999 Financial Statements. Although an unqualified opinion was issued, the report brought to management’s attention concerns about the security of the Department’s information system networks and the Paris Accounting and Disbursing System, the inadequacy of the Department’s financial and accounting system, and the inadequacy of the Department’s controls over undelivered orders.

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### Department of State’s Foreign Service “Up-or-Out” System (AUD/PR-02-27)

At the request of the Chairman of the Subcommittee on National Security, Veterans Affairs, and International Relations, House Committee on Government Reform, OIG reviewed the Department’s Foreign Service “up-or-out” promotion system. The Subcommittee was particularly interested in the system’s effectiveness, citing the retention and recruiting problems the Department has faced.



*FY 1999-2001 Attrition Rates for Foreign Service Generalists*

The purpose of the Department’s up-or-out system is to ensure a predictable and orderly flow through the ranks and to provide promotion opportunities for the best officers at all levels. In competitions for promotion opportunities, the Department takes skills and experience into account in the annual reviews of documented perfor-

mance, accomplishments, and potential. The current class system, mandated by the Foreign Service Act of 1980, established a maximum number of years officers may remain at a given class level before they are required to separate from the Department. The Secretary has authority to change the time limits for the so-called “time-in-class” rules.

OIG found that the up-or-out system separated between 1.0 and 1.6 percent of all Foreign Service generalist officers and 0.4 percent of Foreign Service specialist officers during fiscal years 1999 and 2001.

Based on the information reviewed, OIG believes that the system accomplished its intended purpose. For example, about 87 percent of Foreign Service officers separated during the period owing to the up-or-out system were senior or executive-level officers. The majority of vacant Foreign Service positions or assignment gaps, however, occurred below the senior level. OIG also found that at least one-quarter of the officers retired under the up-or-out system during fiscal years 1999 and 2000 returned to the Department to work on a temporary or limited appointment within one year.

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## Attestation Review of Annual Accounting of Drug Control Funds (AUD/PR-02-28)

OIG has reviewed the Chief Financial Officer’s FY 2001 detailed accounting submission to the Director of the Office of National Drug Control Policy (ONDCP). The Chief Financial Officer prepared the submission in compliance with ONDCP Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999. This submission is the responsibility of the Department.

OIG conducted its review in accordance with attestation standards established by the American Institute of Certified Public Accountants as specified in section 6 of the ONDCP circular. The scope of a review is substantially less than an examination, the objective of which is the expression of an opinion on the submission. Accordingly, OIG does not express such an opinion. Based on OIG’s review of the accounting submission, nothing came to its attention that caused OIG to believe that the accompanying assertions do not, in all material respects, reliably represent the FY 2001 obligation data presented in the submission.

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## Review of Regional Financial Management System Test Documentation Standard (AUD/FM-02-30)

The Bureau of Resource Management (RM) is replacing its financial management system in Charleston and Bangkok with RFMS. RM asked OIG to review the RFMS Test Documentation Standard to determine whether the procedures for documenting future RFMS tests were adequate. OIG found that the standard was generally adequate for future RFMS tests and provided adequate accountability. The standard will also be useful in keeping the test documentation consistent throughout all test phases in the RFMS life cycle. OIG advised RM to clarify a section of the Test Documentation Standard to require written approval before any test results can be destroyed.

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## Review of The Bridge Fund (AUD/PR-02-31)

The Bridge Fund was established in 1996 to help Tibetan communities in China preserve their cultural traditions, promote sustainable development, and conserve the environment. In February 2002, the U.S. Ambassador to Beijing asked OIG to conduct a review of The Bridge Fund to ensure that U.S. funds were being effectively used. The Special Coordinator for Tibetan Issues endorsed this review.

The Department grants officer's technical representative, responding to concerns raised by Embassy Beijing, verbally notified The Bridge Fund's executive director in February 2002 that the remaining \$348,000 from a September 2001 grant would be suspended while OIG conducted its review. OIG found procedural shortcomings in the Department's suspension of funds. Provision XXIX of the grant agreement requires that, before suspending funds, the Department must first inform the grantee by letter of the nature of the problem and that failure to correct the deficiency may result in suspension or termination.

OIG found that the concerns noted in Embassy Beijing's request generally related to problems that arose during the first grant period, specifically during a June 2001 visit to the projects by officials from the Chengdu Consulate. Bridge Fund

officials stated that, although the embassy raised some valid concerns, some of the difficulties observed at the local level were attributed to the delay in the Department's funding of the first grant; therefore, not all of the projects had received funding when the Chengdu Consulate officials conducted their visit. In addition, Bridge Fund officials had suspended funding for one of its reforestation projects because they were disappointed with the progress made at the local level.

In response to concerns raised by Embassy Beijing, The Bridge Fund submitted a 17-page memorandum to the Department on February 19, 2002, that described what The Bridge Fund was doing to improve its operations and programs, including hiring and training additional staff and conducting project audits and reviews. Embassy Beijing concerns provided The Bridge Fund with an opportunity to assess its work critically and make improvements. On the basis of its review of the memorandum and discussions with Fund officials, OIG believes that The Bridge Fund is making a good faith effort to respond to the Department's concerns. From the memorandum, the Department could determine what, if any, additional actions The Bridge Fund must take before awarding a new grant.

OIG also found that an Office of Management and Budget A-133 audit of The Bridge Fund, although required by the grant agreement, had not been conducted for FY 2000. OIG helped arrange an audit by a certified public accounting firm. According to the firm, the financial statements presented fairly, in all material respects, the financial position of The Bridge Fund and the result of its activities and its cash flows for the period July 20, 2000, to September 26, 2001, in conformity with accounting principles generally accepted in the United States. The Bridge Fund also requested another CPA firm to audit the organizations responsible for disbursing the funds within China. Those audits are to be completed shortly, and OIG will review the results.

As a result of OIG's limited review, the grants officer released the suspended funds to The Bridge Fund. OIG closed out the review without formal recommendations.



# INFORMATION TECHNOLOGY

## Information Security Program Evaluation Report (IT-A-02-06)

In response to the Government Information Security Reform Act (GISRA)<sup>3</sup>, OIG performed an independent evaluation of the information security program and practices of the Department. The objective of the review was to determine whether the Department is effectively implementing key requirements of GISRA, including those areas pertaining to overall information technology (IT) security management and IT security risk management.

OIG's evaluation of the effectiveness of the Department's information security program found several key areas of security that still require management attention. Specifically, OIG concluded that the Department has made slow progress in addressing information security weaknesses identified in OIG's September 2001 GISRA report. In response to the report, the Department developed a strategy to address a key deficiency—the lack of certification and accreditation of its information systems. However, the Department had not developed a timetable for certification and accreditation of all systems, and as of August 2002, only five percent of its systems had been certified and accredited. Further, according to OIG's survey questionnaire, although 72 percent of the Department's 358 systems are reported to have security-level determinations, only 15 percent are reported to have security plans.

In addition, in FY 2002, OIG reported on information security vulnerabilities through its reviews of key information management programs. For example, in its February 2002 report on the Classified Connectivity Program (CCP), a project to implement classified processing capability at overseas missions, OIG reported that

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<sup>3</sup>Public Law 106-398, Div. A, Title X, Subtitle G.

the Department had not developed a definitive strategy for managing the security risks of its CCP deployments. Specifically, OIG reported that the Department had not completed the steps needed to certify and accredit the classified Windows NT Local Area Network in accordance with federal requirements.

Finally, at overseas missions, OIG found significant weaknesses in information security management. Specifically, OIG determined that the information systems security officers generally were not performing all of the requisite duties of the position. In addition, none of the 11 missions that OIG visited had developed information systems security plans. Further, OIG found deficiencies in management, technical, and operational controls, increasing the risk to mission operations.

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## Consular Affairs Information Security Program (IT-A-02-04)

Today's changing technical environment requires that federal agencies adopt comprehensive protection strategies for their IT resources. Because of increased risks to information integrity, availability, confidentiality and accountability in today's environment, ensuring that security requirements are met in the Department's visa and passport processes is essential to national security. CA has responsibility for issuing or refusing visas and passports for the entry of people to the United States.

In response to public and congressional concern about the Department's ability to manage and process consular activities safely, OIG conducted a review of CA's information security program. Specific objectives of OIG's review were to determine whether CA's information systems security program complies with statutory and regulatory guidance, and whether overseas missions, where CA systems operate, are following sound information security practices. As a result of its review, OIG's memorandum provides information concerning the first objective. Issues related to the second objective concern mission security management practices, which are not specific to CA. Since these latter issues have broader implications for the Department's Chief Information Officer to address, OIG addressed them in its evaluation of the Department's information security under the 2002 GISRA review.

Specific to CA, OIG found that the consular systems division has developed a comprehensive approach to addressing information security risks. In accordance with GISRA, Clinger-Cohen (P.L. 104-106), and OMB Circular A-130, CA provides an overview of its approach to information security in its 1999 Modernized Systems Information Systems Security Plan. The plan establishes organizational authorities

and responsibilities to ensure that specified security requirements are met in its client-server environment, currently in production domestically and overseas. Also, the consular systems division oversees the development and dissemination of policies and procedures, ensures the development and presentation of user and contractor awareness sessions, conducts both vulnerability and risk assessments, and inspects and spot checks systems and desktops to confirm that consular sections are in compliance with required security configurations.

However, the consular systems division management acknowledged more needs to be done and was actively planning, prioritizing and working toward bringing each of their active systems fully in line with the information security statutes and Office of Management and Budget guidance. At the time of OIG's review, 70 percent of CA systems had risk assessments and almost 50 percent of the CA systems were operating with a security level determination and an overall security plan in place. Also, OIG found that only two of CA's 36 systems had been certified and accredited, and two had been granted an interim authority to operate. As a result, CA managers lack sufficient information concerning the extent to which their systems are protected against fraud, illegal practices, or mission failure.



# INVESTIGATIONS

## Immigration/Visa Fraud

OIG has been involved in a joint investigation with the U.S. Department of Labor, Office of Racketeering and Fraud Investigations, Immigration and Naturalization Service (INS), and Internal Revenue Service since May 2001, based upon information that a Virginia immigration attorney and a Department personal services contractor were involved in an immigrant visa fraud scheme. The investigation established that the Department contractor, who was employed as a fire safety engineer, had acted as middleman for the immigration attorney in approaching managers of restaurants and other businesses in the Washington, DC area. He had also assisted the immigration attorney in submitting hundreds of applications for labor certification through the Virginia Employment Commission to the U.S. Department of Labor. All of these applications were determined to be fraudulent. The investigating agents obtained additional evidence through interviews, surveillance, analysis of financial records and other methods.

On July 24, 2002, the investigating agents arrested the immigration attorney and the Department contract employee based upon warrants for immigration fraud. Search warrants were executed at the immigration attorney's office and at the Department contract employee's residence, bank, and Department office space. The agents seized more than \$40,000 that the Department employee had in his possession at the time of his arrest. They also seized more than \$900,000 in cash during the search of his apartment and seized approximately \$2.5 million from his bank account. The Department employee's personal services contract was terminated after his arrest. On August 13, 2002, he pleaded guilty to five felony counts, including immigration fraud, money laundering, extortion, labor certification fraud, and conspiracy to commit labor certification fraud. He also agreed to cooperate with the government. Charges against the immigration attorney were pending at the end of this reporting period. (01-064)

OIG opened a joint investigation with INS in January 2001, based upon information that the owner of a Florida company was engaged in a fraudulent scheme involving immigrant health care workers. The investigation developed information that this person had submitted false documentation to INS Service Centers to seek approval of immigrant visa petitions and assignment of priority dates for foreign health care workers. He falsely stated on these petitions that his company would employ the health care workers. In fact, once INS had approved a petition, and a priority date had been set, the company owner sold the services of the foreign health care worker to a health care facility. Health care facilities paid him as much as \$15,000 per worker for this. The company owner would then assist the health care facility in filing a new petition for the worker to transfer the approval and priority date to the health care facility.

When interviewed during the investigation, the company owner admitted the fraudulent scheme. Under an agreement with the U.S. Attorney's Office for the Middle District of Florida, he withdrew 211 petitions for health care workers that were pending final approval at Embassy Manila. By taking this action, which may cost him in excess of \$3 million, he met the conditions set forth in his agreement with the U.S. Attorney's Office, and thereby avoided prosecution. (01-027)

## Theft

In May 2001, the Bureau of Human Resources, Office of Employee Relations (HR/ER) advised OIG that an internal review had disclosed significant suspicious post assignment travel charges (PAT) associated with the U.S. embassy in Lusaka, Zambia. HR/ER said that almost \$2 million in suspect charges had been identified.

OIG investigators reviewed records of payments from the Department to vendors in connection with PAT vouchers filed at Embassy Lusaka. This review, and subsequent investigative activity, determined that numerous payments had been made to bogus vendors that had provided no services to the embassy or the Department. Several of these bogus vendors were located in the United States, both in Connecticut and in the Washington, DC area. Others were located in the Republic of South Africa and in the United Kingdom.

OIG investigators traveled to Embassy Lusaka and determined that a former FSN employee at the embassy had caused approximately \$2.5 million to be sent to bank accounts associated with bogus vendors that had provided no services.

In March 2002, OIG agents executed an arrest warrant in Waterbury, Connecticut on a Zambian national who had received some of these fraudulent payments. Search warrants were also executed in both Connecticut and Virginia at residences associated with the bank accounts.

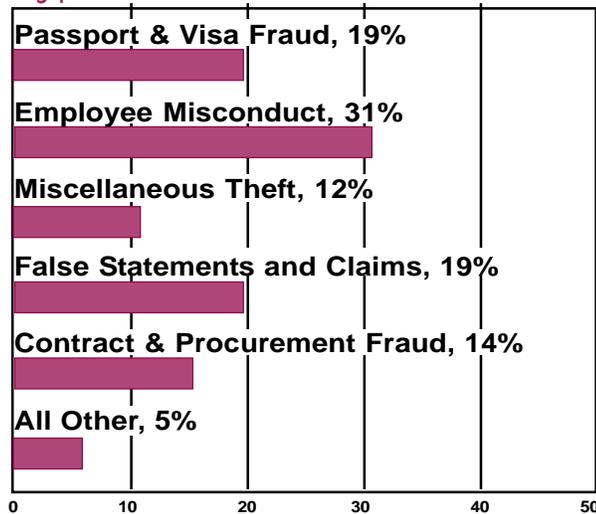
On June 25, 2002, the Zambian pleaded guilty in U.S. District Court, Washington, DC, to a felony charge of conspiracy to receiving stolen government money. (01-059)

## Identity Theft

OIG opened an investigation in May 2002 based on information provided that a contract passport processor at the Miami Passport Agency had been involved in identity theft. The OIG investigation determined that the employee had used personal information from a passport applicant to attempt to purchase a computer using the passport applicant's name. As a result of this investigation, this contract employee and five other contract employees at the Miami Passport Agency were terminated from the contract.

In June 2002, the former contract employee was charged with a felony violation of identity theft. The former contract employee is awaiting trial on the charge in U.S. District Court for the Southern District of Florida. (02-039)

## Types of Cases\*



(\*Reflects combined ongoing investigative activities for the Department of State and BBG.)

## Employee Misconduct

OIG received information from the Bureau of Information Resource Management (IRM) indicating that a civil service computer operator had claimed to be working for the Department when she was also being paid to work by a Department contractor. Record reviews established that she regularly left her Department work area two

hours prior to the end of her shift to report to work for the contractor, but claimed that she had worked her full shift at the Department. The employee admitted her conduct to OIG investigators. On July 3, 2002, OIG provided reports of investigation to HR and to RM. On August 21, 2002, RM provided the employee with a notice of indebtedness in the amount of \$3,289. On September 3, 2002, HR provided the employee with a notice of proposed removal. *(02-024)*

An OIG investigation determined that a senior Department official allowed the unauthorized use of an official embassy residence, misused an embassy vehicle to transport visiting friends, and created the appearance of impropriety by changing the characterization of a representational event on a voucher submitted for reimbursement. On July 29, 2002, HR notified the official that he was being suspended for ten days for his actions. *(01-076)*

## Misuse of a Government Vehicle

An OIG investigation determined that two Foreign Service Officers (FSO) assigned at a U.S. embassy overseas altered an embassy vehicle for personal purposes. On May 3, 2002, RM notified each officer that he was being suspended for thirty days for personal use of a government vehicle. On July 23, 2002, HR initiated a collection action against the two officers in the amount of \$823, the cost of returning the government vehicle to its original condition. *(00-094)*

## Conflict of Interest

An OIG investigation determined that a FSO assigned overseas engaged in a conflict of interest by appearing in and allowing his name and official title to be used in a newspaper advertisement for a local real estate company. In addition, the FSO also appeared in three TV commercials for which he was compensated. On May 22, 2002, HR notified the officer that he was being suspended for five days for his actions. *(00-086)*

## Follow Up Actions

OIG opened an investigation in the summer of 2000, based upon information provided by CA concerning financial irregularities at the Miami Passport Agency. OIG investigators and auditors conducted record reviews that developed evidence of criminal activities. In August 2000, two cashiers, one of whom was a supervisor, admitted during interviews that they had taken money from passport fees. Shortly after this, they were terminated. Additional OIG record reviews and analysis established the extent of the thefts.

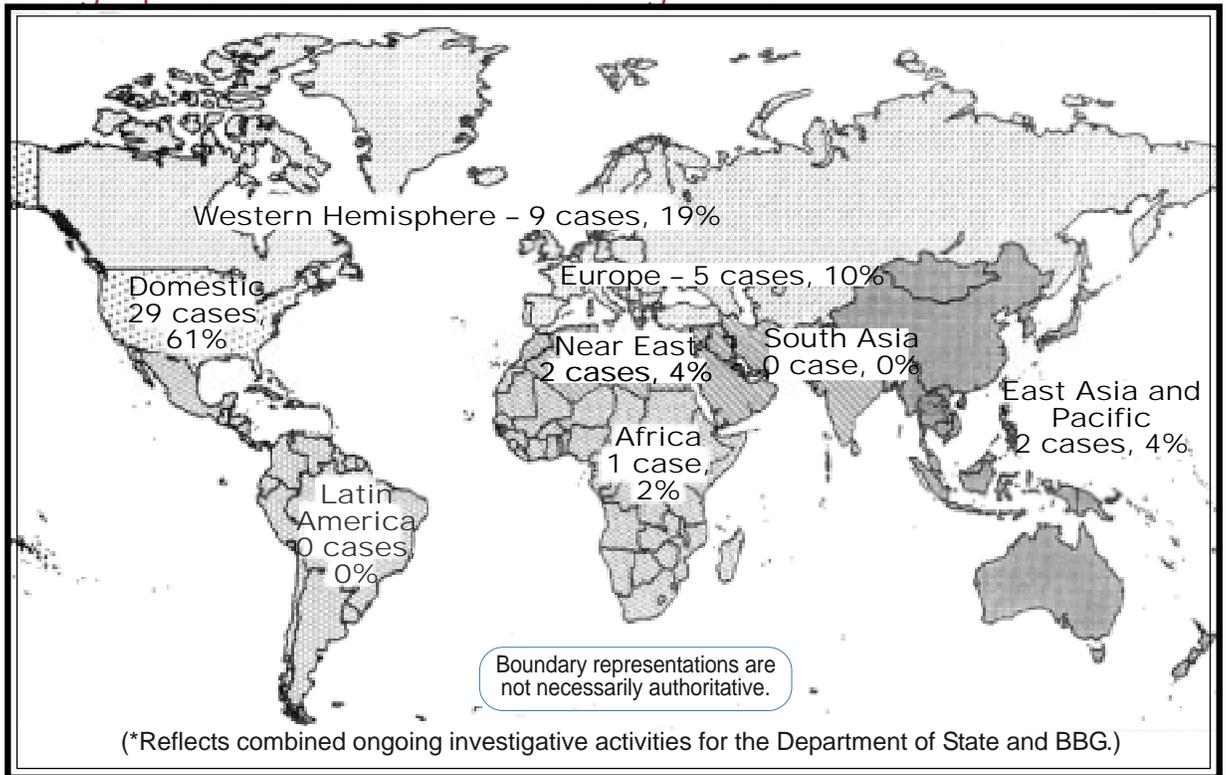
In August 2001, both of these employees were indicted on a charge of conspiring to embezzle over \$850,000 between May 1997 and June 2000. On January 18, 2002, both defendants pleaded guilty to this charge in U.S. District Court. As part of the statement submitted to the Court, they admitted that they had used the stolen money to purchase vehicles, take vacations, and pay personal expenses. On May 20, 2002, one of these former employees was sentenced to 24 months' imprisonment, to be followed by three years of supervised probation. The other was sentenced to 21 months' imprisonment, to be followed by three years of supervised probation. *(See OIG Semiannual Report, October 1, 2001 to March 31, 2002, p. 65) (00-088)*

OIG opened an investigation in September 2000, based upon information developed in a proactive investigation that an immigration attorney in New York was involved in the submission of multiple fraudulent applications to the Diversity Immigrant Lottery (DV) Program. The New York office of INS was advised of this information and agreed to participate in the investigation.

Record reviews established that the immigration attorney had submitted multiple DV applications on behalf of clients for several years, using slight variations in the spelling of the name on each application. The reviews also established that a substantial number of the attorney's clients had been selected as lottery winners.

On August 20, 2001, the attorney was arrested on felony charges of visa fraud, mail fraud, and conspiracy. A search warrant for his office was executed on the same date. On April 5, 2002, the attorney pleaded guilty to a felony charge of visa fraud. Sentencing was pending at the end of this reporting period. *(See OIG Semiannual Report, April 1, 2001 to September 30, 2001, p. 54) (00-095)*

## Geographic Distribution of Investigations\*



OIG opened a joint investigation with INS, the Internal Revenue Service, and the Social Security Administration's Office of Inspector General, in August 1999, based upon information that a network of people was engaged in a scheme involving visa fraud, alien smuggling, and money laundering. This group, operating in several parts of the United States and in the Czech Republic, was engaged in a conspiracy to profit from the employment of unauthorized alien workers in the United States.

The investigation determined that the group assisted foreign nationals in obtaining nonimmigrant visas from U.S. consulates by misrepresenting the true purpose of the travel and by providing fraudulent documentation in support of visa applications. Once in the United States, many of these foreign nationals were provided with counterfeit H1-B visas, which authorize employment. These fraudulent visas were then used to obtain social security cards and other identity documents.

Four Czech nationals, who had been living in the United States, entered guilty pleas to felony charges in U.S. District Court in Norfolk, Virginia, in February 2000. One of these people, who had pleaded guilty to conspiracy to launder monetary instruments, was sentenced to 84 months' incarceration and ordered to forfeit \$136,763 in seized assets. The other three people received lesser sentences.

In April 2001, two Slovak nationals residing in Florida were arrested and subsequently pleaded guilty in Norfolk, Virginia to charges of knowingly employing ten or more aliens. In September 2001, one of these persons was sentenced to seven months' imprisonment; in November 2001, the other was sentenced to nine months' imprisonment.

On July 25, 2001, two naturalized U.S. citizens residing in Florida were indicted on felony charges related to this scheme. On February 8, 2002, one of these persons pleaded guilty to conspiracy to launder monetary instruments. On May 14, 2002, he was sentenced to 87 months' incarceration and fined \$20,000. On February 28, 2002, after a jury trial, the other person was found guilty of conspiracy to commit money laundering, knowingly employing ten or more unauthorized aliens, and encouraging unauthorized aliens to enter and reside in the United States. On May 20, 2002, he was sentenced to 60 months' incarceration. (*See OIG Semiannual Report, October 1, 2001 to March 31, 2002, pp 68- 69, OIG Semiannual Report, April 1 to September 30, 2001, pp. 58-59, and OIG Semiannual Report, October 1, 2000 to March 31, 2001, pp. 52-53*) (99-072)

As a result of a joint investigation with DS, on March 17, 2000, an FSO was arrested in Chicago, Illinois, for selling United States visas while employed as a consular officer at a U.S. embassy. At the time of his arrest, over \$1.8 million in cash and gold bars and other assets representing the proceeds of the visa sales were seized from the officer. The arrest was the result of a lengthy joint undercover operation conducted by agents from both OIG and DS. The officer subsequently resigned from the Foreign Service.

The officer entered into a plea agreement with the Department of Justice and on June 14, 2002, was sentenced in U.S. District Court to 262 months (21.8 years) imprisonment for selling United States visas. The officer and his spouse and parents agreed to forfeit all of the seized property to the government. (*See OIG Semi-Annual Report, April 1, 2000, to September 30, 2000, p 30*) (99-068)

## Hotline

The OIG Hotline, operated by the Office of Investigations, is a prompt, effective channel for employees and others to report incidents of fraud, waste, abuse, and mismanagement to the Inspector General. Below is a summary of all hotline activity, including phone calls, anonymous letters to OIG's post office box, and e-mail.



Total allegations received	171
Held for action within OIG	17
Referred to other offices for action	128
Not substantiated – no action necessary	26

# APPENDIX 1: INVESTIGATIVE ACTIVITIES<sup>1</sup>

<b>Workload</b>		<b>Total Judicial Actions</b>	<b>25</b>
Cases pending 3/31/02	59	<b>Criminal</b>	
New cases opened	17	Prosecutive referrals	7
Cases closed	29	Prosecutive declinations	3
Cases pending 9/30/02	47	Prosecutive dismissals	0
Preliminary inquiries pending 3/31/02	19	Acquittals	0
Prelim opened	32	Indictments <sup>2</sup>	8
Prelim closed	32	Convictions	2
Prelim converted to cases	0	Sentencings	4
Preliminary inquiries pending 3/31/02	19	Time sentenced	323 months
		Time probation	6 years
<b>Total Administrative Actions</b>	<b>33</b>	Court-ordered fines	\$12,800.00
Admonishments	0	Court-ordered restitutions	\$3,349,805.24
Counseling	0		
Curtailment	0	<b>Civil</b>	
Demotions	0	Referrals	0
Reimbursements	4	Declinations	0
Reprimands	0	Complaints	1
Resignations	0	Judgments	0
Suspensions	4	Court-ordered fines	0
Terminations (Department employees)	3	Recoveries	0
Terminations (Contract employees)	7	Total judgments and recoveries	0
Administrative referrals	15		
PFCRA <sup>3</sup> referrals	0		
Savings	0		

Administrative recoveries <sup>4</sup>	\$ 13,877.63
Judicial recoveries <sup>5</sup>	\$3,362,605.24
<b>Total Investigative Recoveries</b>	<b>\$3,376,482.87</b>

<sup>1</sup> This appendix reflects investigative statistics for the Department of State only. Please see page 87 for investigative statistics related to BBG.

<sup>2</sup> Indictments included formal criminal charges brought against a subject. The manner in which charges are brought varies from country to country.

<sup>3</sup> Program Fraud and Civil Remedies Act.

<sup>4</sup> Includes recoveries from administrative actions, such as reimbursements and savings.

<sup>5</sup> Includes recoveries from judicial actions, including court-ordered fines and restitutions and civil judgments and recoveries.

*The statistics and narrative case descriptions of investigative activities appearing in this Semiannual Report to the Congress are the result of reports received from prosecutive and administrative authorities. The final actions may be changed at a later date by individual use of administrative and judicial appeals processes.*



## APPENDIX 2: REPORTS ISSUED

### Special Report

02-OIG-003 A Review of U.S. Policy Toward Venezuela, November 2001-April 2002 07/02

### Office of Security and Intelligence Oversight

SIO-C-02-06	Embassy The Hague	08/02
SIO-I-02-26	Embassy Valletta, Malta	09/02
SIO-I-02-28	Embassy Praia, Cape Verde	05/02
SIO-I-02-30	Embassy Moscow, Russia	05/02
SIO-I-02-32	Embassy Seoul, Korea	05/02
SIO-I-02-38	Embassy Banjui, Central African Republic	08/02
SIO-I-02-39	Embassy Yerevan, Armenia	09/02
SIO-I-02-41	Embassy Baku, Azerbaijan	09/02
SIO-I-02-43	Embassy Abuja, Nigeria and Consulate General Lagos	09/02
SIO-I-02-44	Embassy Singapore, Singapore	08/02
SIO-I-02-45	Embassy Luanda, Angola	08/02
SIO-I-02-46	Embassy Windhoek, Namibia	09/02
SIO-I-02-47	Embassy Niamey, Niger	09/02
SIO-I-02-48	Embassy Ouagadougou, Burkina Faso	09/02
SIO-I-02-49	Embassy Kuala Lumpur, Malaysia	09/02
SIO-I-02-50	Embassy Kinshasa, Democratic Republic of the Congo	09/02
SIO-S-02-51	Maintenance, Repair, and Testing of Certified Shielded Enclosures Overseas	09/02
SIO-I-02-52	Embassy Canberra, Australia	09/02
SIO-A-02-55	Review of Main State Security	09/02
SIO-I-02-61	Embassy Dushanbe, Tajikistan	08/02
SIO-I-02-64	Embassy Ashgabat, Turkmenistan	09/02
SIO-I-02-65	Embassy Bishkek, Kyrgistan	09/02
SIO-I-02-66	Embassy Tashkent, Uzbekistan	09/02
SIO-I-02-60	Embassy Maputo, Mozambique	

### Office of Inspections (A - Annexes)

ISP-I-02-13	Embassy Rome, Italy, and Constituent Posts	04/02
ISP-I-02-17	Inspection of BBG Belize Transmitting Station	05/02
ISP-I-02-18	Consulate General Curacao, Netherlands Antilles	05/02
ISP-I-02-28	Followup of Embassy Dakar, Senegal	07/02
ISP-I-02-28A	Security Annex of Embassy Dakar, Senegal	07/02
ISP-I-02-33	Embassy Abuja and Consulate General Lagos	09/02
ISP-I-02-34	Embassy Baku, Azerbaijan	08/02
ISP-I-02-35	Embassy Bangui, Central African Republic	09/02
ISP-I-02-36	Embassy Bern, Switzerland	09/02
ISP-I-02-36A	Security Annex to the Inspection of Embassy Bern, Switzerland	09/02
ISP-I-02-37	Embassy Cotonou, Benin	08/02
ISP-I-02-38	U.S. Mission Geneva, Switzerland	09/02

ISP-I-02-38A	Security Annex to the Inspection of U.S. Mission Geneva, Switzerland	09/02
ISP-I-02-39	Consulate General Hamilton, Bermuda	09/02
ISP-I-02-40	Embassy Kinshasa, Democratic Republic of the Congo	09/02
ISP-I-02-41	Embassy Luanda, Angola	09/02
ISP-I-02-42	Embassy Niamey, Niger	08/02
ISP-I-02-43	Embassy Ouagadougou, Burkina Faso	09/02
ISP-I-02-44	Bureau of Public Affairs	08/02
ISP-I-02-45	Embassy Tbilisi, Georgia	08/02
ISP-I-02-46	U.S. Delegation to the Conference on Disarmament, Geneva, Switzerland	09/02
ISP-I-02-47	Embassy Windhoek, Namibia	08/02
ISP-I-02-48	Embassy Yerevan, Armenia	08/02
ISP-I-02-52	Bureau of African Affairs	09/02
ISP-I-02-53	Bureau of Legislative Affairs	09/02

#### **Office of Audits**

AUD/FM-02-19	Foreign Service Retirement & Disability Fund	09/02
AUD/FM-02-25	International Boundary & water Commission Financial Statements For FY 2001	09/02
AUD/FM-02-26	International Cooperative Administrative Support Services	09/02
AUD/PR-02-27	Department of State's Foreign Service "Up-or-Out" System	08/02
AUD/PR-02-28	Attestation Review of Annual Accounting of Drug Control Funds	09/02
AUD/FM-02-29	RFMS Data Conversion Binder - Preliminary Review	09/02
AUD/FM-02-30	RFMS Test Documentation Standard	09/02
AUD/PR-02-31	Review of the Bridge Fund	09/02
AUD/PPA-02-33	Audit of Billings for Embassy Ottawa's Surveillance Detection Program	09/02
AUD/CG-02-35	Review of Direct Labor & Indirect Rates Proposed by Garrison Architects	09/02
AUD/FM-02-39	Review of the Regional Procurement Support Offices	09/02
AUD/PPA-02-40	Review of the Department of State's Monitoring of Contractor Performance	09/02
AUD/CG-02-43	Review of Lockerbie Trial Costs	09/02
AUD/CG-02-44	Follow Up Review of Iraqi National Congress Support Foundation	09/02

#### **Information Technology**

IT-A-02-04	Consular Affairs Information Security Program	08/02
IT-A-02-06	Information Security Program Evaluation Report	09/02

# APPENDIX 3: SAVINGS & MORE EFFECTIVE USE OF RESOURCES

**Table I**  
**INSPECTOR GENERAL ISSUED AUDIT REPORTS<sup>1</sup>**  
**WITH QUESTIONED COSTS<sup>2</sup>**

	Number of Reports	(Dollars in Thousands)	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	15	20,387	13,602
B. Which were issued during the reporting period	2 <sup>3</sup>	195	0
Subtotals (A2 + B)	17	20,582	13,602
C. For which a management decision was made during the reporting period – based on formal administrative or judicial appeal			
(i) dollar value of disallowed costs	0	0	0
(ii) dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	17	20,582	13,602
Reports for which no management decision was made within 6 months of issuance	15	20,387	13,602

<sup>1</sup> Includes audit reports issued by the Office of Audits and by the Office of Security and Intelligence Oversight.

<sup>2</sup> Questioned costs are costs that are questioned by the OIG because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the audit, such costs are not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

<sup>3</sup>One of the reports had both a questioned cost and funds to be put to better use.

**Table II**  
**INSPECTOR GENERAL ISSUED AUDIT REPORTS**  
**WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE<sup>1</sup>**

	Number of Reports	Dollar Value (in thousands)
A. For which no management decision has been made by the commencement of the reporting period	5	1,541
B. Which were issued during the reporting period	2 <sup>2</sup>	13,241
Subtotals (A + B)	7	14,781
C. For which a management decision was made during the reporting period	0	0
(i) dollar value of recommendations that were agreed to by management	0	0
– based on proposed management action		
– based on proposed legislative action		
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	7	14,781
Reports for which no management decision was made within 6 months of issuance	5	1,541

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<sup>1</sup> A “recommendation that funds be put to better use” is a recommendation by the OIG that funds could be used more efficiently if Department management took actions to implement and complete the recommendations, including: reductions in outlays; deobligation of funds from programs or operations; withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; costs not incurred by implementing recommended improvements related to the operations of the Department, a contractor, or a grantee; avoidance of unnecessary expenditures noted in preaward reviews of contract or grant agreements; or any other savings which are specifically identified.

<sup>2</sup>One of the reports had both a questioned cost and funds to be put to better use.

# APPENDIX 4: RESOLUTION OF REPORTS & RECOMMENDATIONS

## PREVIOUSLY REPORTED SIGNIFICANT AUDIT RECOMMENDATIONS<sup>1</sup> PENDING FINAL ACTION<sup>2</sup>

Report Number	Rec. Number	Report Title Recommendation Summary	First Reported
		<b>93-A-34/ ARR-95-08 Grants Management Follow Up</b>	<b>3/31/95</b>
		5. Require monthly reporting requirements on the project's status.	
		6. Ensure that data in the grants system is reconciled with data in other grant-related systems.	
		<b>APR-96-07 Exchange Visitor Information System</b>	<b>3/31/96</b>
		3. Determine the feasibility of electronically transmitting J Visa data from sponsor organizations to the EVIS database at USIA.	

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<sup>1</sup> Includes audit recommendations reported as significant in semiannual reports prior to March 31, 2002, on which Department management has agreed to take corrective action but for which those actions are not yet complete.

<sup>2</sup> Final action is recorded when a proposed course of action in response to a recommendation has been accepted by OIG and completed by management to OIG's satisfaction.

## SUMMARY OF AUDIT REPORTS WITHOUT MANAGEMENT DECISION FOR MORE THAN SIX MONTHS

### ***Management of Secure Communications (SIO/A-97-15), March 1997***

**Summary:** OIG made 22 recommendations to the Director General of the Foreign Service and the Director of Personnel (now Human Resources) to require personnel, like IM specialists staff, who hold positions with access to bulk quantities of sensitive information to undergo a special counterintelligence screening process prior to each assignment. Three of the recommendations, which were assigned to the Director General of the Foreign Service, remain unresolved.

**Reason Unresolved:** The Director General of the Foreign Service has not responded, formally or informally to the report and subsequent follow up inquiries.

**To be resolved by:** December 2002

### ***North/South Center (ARR-94-03), March 1994***

**Summary:** OIG recommended that USIA seek reimbursement of \$1,507,261 in questioned costs, approximately \$1 million of which resulted from an inequitable allocation of indirect costs to the Center. The Department of Health and Human Services, which has audit cognizance, established new indirect cost rates.

**Reason unresolved:** The Department deferred action on about \$480,000 in remaining questioned costs pending further consultation with the Bureau of Educational and Cultural Affairs and awaiting additional information from the bureau.

**To be resolved by:** February 2003

### ***International Institute of Wisconsin (CG-96-01), September 1996***

**Summary:** OIG made recommendations on questioned grant costs totaling \$46,636 and internal controls and noncompliance issues.

**Reason Unresolved:** The Department is seeking clarification and documentation from the grantee.

**To be resolved by:** February 2003

### ***Review of Indirect Costs Rates Proposed by the Institute of International Education (CG-99-015), May 1999***

**Summary:** OIG made recommendations on questioned costs totaling \$1,054,098 that resulted from an inequitable allocation in indirect costs.

**Reason Unresolved:** The Department deferred a decision on the questioned costs pending completion of the appeal process.

**To be resolved by:** February 2003

**SUMMARY OF AUDIT REPORTS**  
**WITHOUT MANAGEMENT DECISION FOR MORE THAN SIX MONTHS**

***Sale and Leaseback Arrangement Proposed by the Institute of International Education*** (CG-99-016), May 1999

**Summary:** OIG made recommendations on the sale and leaseback arrangement proposed by the grantee that did not constitute a sale and leaseback within the meaning of the OMB cost principles and projected Funds Put to Better Use of \$4,300,000 over the life of the lease.

**Reason Unresolved:** The Department deferred a decision pending completion of the appeal process.

**To be resolved by:** February 2003

***Washington Workshops Foundation*** (CG-99-025), September 1999

**Summary:** OIG made recommendations on questioned costs totaling \$913,000 and internal controls and compliance issues.

**Reasons Unresolved:** The Department is seeking clarification from the grantee.

**To be resolved by:** February 2003

***Town Affiliation Association of the U.S.*** (00-CG-019), July 2000

**Summary:** OIG made recommendations on questioned costs totaling about \$908,812 and internal controls and compliance issues.

**Reason Unresolved:** The Department is reviewing additional documentation provided by the grantee.

**To be resolved by:** February 2003

***The American Councils for International Education*** (00-CG-032), September 2000

**Summary:** OIG made recommendations on questioned costs totaling \$1,186,847 and compliance issues.

**Reason Unresolved:** The Department is seeking clarification and additional documentation from the grantee.

**To be resolved:** February 2003



**BBG**

transmittal letter

to be inserted

here.



# BROADCASTING BOARD OF GOVERNORS

## Review of the Broadcasting Board of Governors' Controls on Domestic Personal Property (IBO-A-02-03)

To assess how well the IBB was managing its assets, OIG reviewed the policies and procedures for the management of and controls and accounting for IBB's domestic, nonexpendable personal property from October 1999 to March 2002. This review covered the domestic inventory operations of IBB's six property management units: Voice of America, Office of WORLDNET Television and Film Service, Office of Engineering and Technical Services, Office of Management, Office of Computing Services, and Office of Cuba Broadcasting. The primary objectives of the review were to determine whether IBB had established policies for inventory controls and was implementing them and, if so, whether they were effective. OIG also reviewed whether the Office of Cuba Broadcasting was in compliance with property management recommendations made in a 1999 report (99-IB-023, Sept. 1999).

OIG found that IBB did not have fully functioning property management policies and procedures for domestic, nonexpendable property to ensure the efficiency and effectiveness of operations and to meet agency property reporting requirements fully. Although current policies require that domestic property inventories be conducted every two years, OIG found no evidence of a complete property inventory conducted by IBB.

IBB internal controls related to personal property need to be strengthened to ensure that government property is properly used and safeguarded and that reliable and timely data is maintained on such property. The Office of Administration, Facilities Management Division recognized the need for planning improvements in the property system and was taking steps in that direction— for example, updating property policies and procedures and placing a major focus on disposing of excess property, which should facilitate the physical inventory process. In general, the Office of Cuba Broadcasting had implemented all the recommended changes in the 1999 report and was continuing to improve its overall property management function in accordance with established IBB policies and procedures.

Major recommendations are that IBB conduct an agency-wide inventory to establish an accurate baseline for its domestic, nonexpendable personal property and implement a plan to bring it into compliance with applicable accounting and reporting requirements for property management. Part of that plan should include establishing a single, centralized receiving operation for all international broadcasting offices and establishing a mandatory annual training requirement for property management personnel.

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## Inspection of BBG Regional Operations in West Africa (IBO-I-02-04)

The BBG regional marketing and program placement office (RMPPPO) and the VOA news bureau for West Africa are located in Abidjan, Côte d'Ivoire because it remains the best all around location from which to support regional operations. Africa is VOA's largest shortwave listening audience. VOA's West Africa Bureau consists of 18 countries, including Nigeria. Nigeria is VOA's single best audience in the world by number of listeners. The Abidjan VOA news bureau is responsible for countries from Cape Verde to the Democratic Republic of the Congo. The bureau is well run but needs to pay its stringers in the region using electronic funds transfers. RMPPPO needs to have a standard operating procedures manual for embassies in the region to ensure uniform support.

VOA program placement in Nigeria has been hampered by major equipment control problems. The most egregious situation was the loss without a trace of \$200,000 worth of equipment the RMPPPO officer had arranged to go to eight stations in Nigeria, including an important FM radio affiliate in Lagos. The equipment was shipped by sea by IBB, but the consignment apparently was never cleared in Lagos by the general services office of Consulate General Lagos. BBG has subsequently told OIG that, given the importance of the main VOA affiliate in Lagos for which the bulk of the equipment was intended, it will replace the equipment. RMPPPO and the Department have suggested controls that should help to ensure proper receipt of future shipments of equipment. The replacement of lost FM systems for affiliates in Lagos, Abuja, Kano, and Kaduna, Nigeria, will be sent by more secure separate air shipments, and all four broadcasting systems are projected to be on the air by October 2002.

It is important that VOA be on the air in Freetown, Sierra Leone and its environs with a strong signal while the process of disarmament, demobilization, and reintegration of the rebel fighters of the Revolutionary United Front continues, and as the

United States seeks understanding and support from Muslim countries for the war against international terrorism. RMPPPO and the IBB are to be commended for addressing this situation effectively. The RMPPPO officer accomplished this by visiting Sierra Leone after the inspection and obtaining a radio frequency allocation from the Sierra Leone government for a proposed VOA-owned station to broadcast 24 hours a day, seven days a week. The new station, for which IBB has now procured equipment, will be collocated with the physical plant of an existing, but only intermittently functional VOA affiliate. This arrangement will have the additional effect of making two existing and commonly owned VOA affiliates economically viable.

Embassy Monrovia has pressed the Liberian government on a number of issues, including media freedom. Radio is the primary means for getting information to the Liberians. It has an extremely important role to play in Liberia in strengthening the civil society, enabling the United States to communicate directly to the Liberians, and preventing a monopoly of the airwaves in Liberia by the Taylor regime. It also gives Sierra Leonean refugees in Liberia the reassurance they need about the progress of the disarmament, demobilization, and reintegration of the Revolutionary United Front in Sierra Leone's diamond-rich areas, so that they can have the confidence to repatriate themselves voluntarily. In addition, a healthy, fully functioning VOA affiliate, Radio Veritas, could be an important part of regional broadcasting for the Mano River Union: Guinea, Sierra Leone, and Liberia. VOA working level officials showed interest in a regional approach and cited the success of USAID-sponsored programs targeted to Angola.

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## Review of Administrative Operations of Radio Free Europe/Radio Liberty Bureaus (IBO-A-02-05)

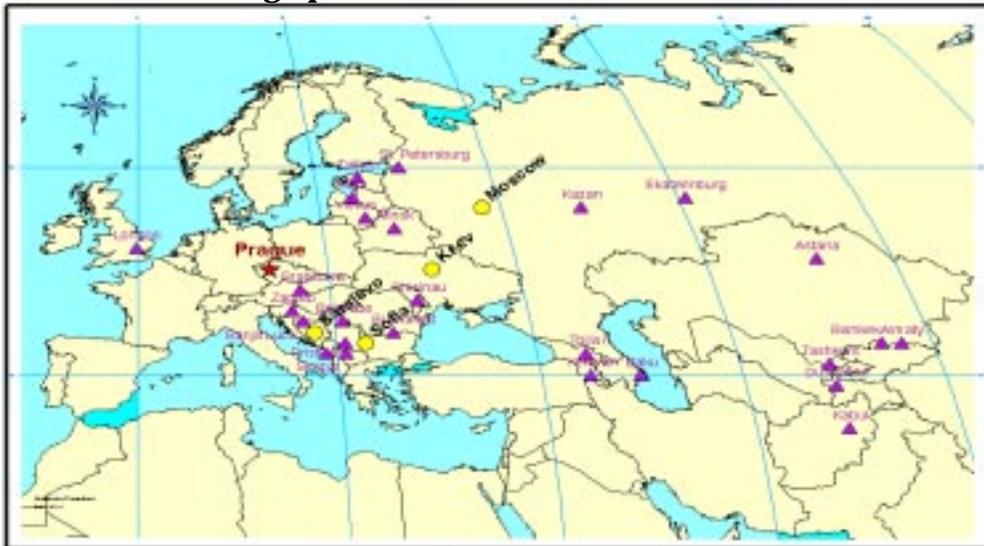
OIG reviewed the administrative operations of Radio Free Europe/Radio Liberty (RFE/RL) to determine whether bureaus are complying with current host country laws regulating employment tax and social contributions for bureau staff. OIG also sought to determine whether administrative controls for procurement, cash, and inventory management were in place at the RFE/RL news bureaus.

RFE/RL based in Prague, Czech Republic, operates 30 news bureaus in Eastern Europe, Central Asia, South Asia, and the Persian Gulf. As a private corporation operating with a federal grant from the BBG, RFE/RL is required to meet host country labor and tax compliance laws. In a 1999 audit, OIG identified non-pay-

ment of such taxes as a potential liability for the U.S. government. The review this year focused on bureaus RFE/RL identified as in compliance. OIG selected four bureaus– Moscow, Russia; Sarajevo, Bosnia; Kiev, Ukraine; and Sofia, Bulgaria. RFE/RL compliance practices were verified with host country laws, U.S. embassy practices, and outside legal consultants in each country.

At the time of the review, RFE/RL listed 21 bureaus in compliance, three in process, and six on hold because of political and economic conditions in these countries. OIG found that in the four bureaus reviewed RFE/RL was in compliance with country labor and tax laws. However, the process is complex and requires continual updating once compliance has been achieved. Laws require host country registration as a corporation, signed and legal labor contracts with local staff, and tax rates that may change several times during the year. RFE/RL bureau administration employees based in Prague work with the bureaus operating in the 30 countries to ensure host country labor and tax laws are met. These employees have been contractors who are not paid full employee benefits. As a result, employee turnover is high and the loss of competent staff places the compliance process at risk while new employees learn the procedures for individual countries. OIG recommended that RFE/RL convert two positions from contractors to permanent staff with full employee benefits to retain trained competent staff and reduce turnover.

### Geographical List of RFE/RL Bureaus



- ▲ RFE/RL Bureau
- Site Visited
- RFE/RL Headquarters

Other administrative practices were reviewed, including cash management and inventory procedures. OIG found obsolete and unused equipment that could be donated. BBG has the authority to allow a grantee to donate obsolete and unused equipment that could save RFE/RL storage costs for excess equipment. One recommendation was made for RFE/RL to request authority from BBG to dispose of this equipment.

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### Inspection of the Broadcasting Board of Governors Belize Transmitting Station (ISP-I-02-17)

The BBG Belize Transmitting Station is a remnant dating back to the period of civil wars and strife in Central America. The station is a state of the art, well-run, inexpensive operation serving a need that no longer exists. Listeners in the region can receive BBG broadcasts from affiliate or short-wave stations. Efforts to redirect the station's broadcasts toward Cuba have met with firm resistance from the government of Belize. Many of the station's assets can be used elsewhere to meet high priority needs. In the absence of agreement from the Belize government, the BBG should determine the most effective future use of the station's assets.

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### Information Security Program Evaluation: Broadcasting Board of Governors (IT-A-02-07)

In response to GISRA, OIG performed an independent review and evaluation of the information security program of the BBG. GISRA provides a comprehensive framework for establishing and ensuring the effectiveness of controls over information technology resources, and a mechanism for improved oversight of federal agency information security programs. The objective of the review was to determine whether BBG is effectively implementing the requirements of GISRA.

OIG's evaluation of the effectiveness of BBG's information security program concluded that BBG has made progress, but more must be done to comply with GISRA. BBG has developed an agency-wide information security program, and it has performed program level self-assessments and documented the results of its self-

assessments in its quarterly reporting of the agency's plans of action and milestones to the Office of Management and Budget. Included in this reporting was the identification of 37 information security weaknesses, of which 20 have been corrected. Also, BBG is in the process of hiring a contractor to develop and revise required information security related policies and procedures to satisfy its needs.

OIG found that BBG needed to develop an incident response process and reporting procedures to share information effectively on common vulnerabilities and threats. Also, OIG concluded that BBG lacks security and contingency plans at the system and major application level and needed to develop these plans to meet its information security requirements and comply with GISRA. Finally, OIG found that BBG lacked an information security training program and must develop and implement a program that addressed the needs of the agency and its employees.

## APPENDIX 1: INVESTIGATIVE ACTIVITIES

### Workload

Cases pending 3/31/02	1
New cases opened	0
Cases closed	0
Cases pending 9/30/02	1

**Total Judicial Actions 0**

**Prosecutive Referral 0**

**Prosecutive Declination 0**

**Total Administrative Actions 0**

*The statistics and narrative case descriptions of investigative activities appearing in this Semiannual Report to the Congress are the result of reports received from prosecutive and administrative authorities. The final actions may be changed at a later date by individual use of administrative and judicial appeals processes.*

## APPENDIX 2: REPORTS ISSUED

IBO-A-02-03	Review of the Broadcasting Board of Governors Controls on Domestic Personal Property	09/02
IBO-I-02-04	Inspection of BBG Regional Operations in West Africa	09/02
IBO-A-02-05	Review of Administrative Operations of Radio Free Europe/ Radio Liberty Bureaus	09/02
ISP-I-02-17	Inspection of the Broadcasting Board of Governors' Belize Transmitting Station	05/02
IT-A-02-07	Information Security Program Evaluation: Broadcasting Board of Governors	09/02

# APPENDIX 3: SAVINGS & MORE EFFECTIVE USE OF RESOURCES

**Table I**  
**INSPECTOR GENERAL ISSUED AUDIT REPORTS**  
**WITH QUESTIONED COSTS**

	Number of Reports	(Dollars in Thousands)	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	0	0	0
B. Which were issued during the reporting period	0	0	0
Subtotals (A + B)	0	0	0
C. For which a management decision was made during the reporting period	0	0	0
– based on formal administrative or judicial appeal			
(i) dollar value of disallowed costs	0	0	0
(ii) dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	0	0	0
Reports for which no management decision was made within 6 months of issuance	0	0	0

**Table II**  
**INSPECTOR GENERAL ISSUED AUDIT REPORTS**  
**WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

	Number of Reports	Dollar Value (in thousands)
A. For which no management decision has been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0	0
Subtotals (A + B)	0	0
C. For which a management decision was made during the reporting period	0	0
(i) dollar value of recommendations that were agreed to by management	0	0
– based on proposed management action		
– based on proposed legislative action		
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	0	0
Reports for which no management decision was made within 6 months of issuance	0	0

## **SUMMARY OF AUDIT REPORTS WITHOUT MANAGEMENT DECISION FOR MORE THAN SIX MONTHS**

### **International Broadcasting Oversight**

#### **BBG Transition to Independence** (01-FP-M-018), March 2001

**Summary:** OIG made seven recommendations to the Broadcasting Board of Governors (BBG) and the Department of State to finalize a series of memoranda concerning operating agreements, follow through with establishing a financial service center at BBG, determine the level of BBG support to the Department for interactives and other diplomacy programming on a non-reimbursable basis, and resolve differences concerning U.S. chief of mission authority over Voice of America correspondent travel overseas. One recommendation to the Department's Office of the Undersecretary for Public Diplomacy and Public Affairs remains unresolved. It calls for the development of a programming needs assessment to support requests for BBG transmission services.

**Reason Unresolved:** The Department's Office of the Undersecretary for Public Diplomacy and Public Affairs has not responded, formally or informally, to the report and subsequent follow up inquiries. An OIG inspection of the Department's Bureau of Public Affairs indicates that funding has now been approved to conduct the programming needs assessment and the study can move forward.

**To be resolved by:** January 2003

#### **BBG Audience Research Program** (01-FP-R-042), May 2001

**Summary:** OIG made seven recommendations to BBG to establish procedures to ensure that Board language priorities are considered in allocating audience research funds, ensure the broadcast entities document the use of research recommendations in making broadcast and programming decisions, require the broadcast entities to work with the IBB Strategic Planning Office to improve the agency's GPRA planning and reporting process, and ensure that the audience research contracting practices of Radio Free Europe/Radio Liberty (RFE/RL) and Radio Free Asia adhere to OMB guidance. One recommendation remains unresolved dealing with the broadcast entities' need to document their use of audience research in making decisions on programs.

**Reason Unresolved:** The BBG management decision of August 15, 2001, concerning this recommendation indicates that it may have misunderstood the intent of the recommendation. BBG commented that to comply with the recommendation would require the establishment of a new GPRA "measurement bureaucracy." In our December 2001 response to BBG, we disagreed and pointed out that the recommendation does not relate to GPRA requirements. In general, we noted that the recommendation addresses the requirement in the BBG audience research charter that "broadcast management demonstrate systematic use of audience research." In addition, we pointed out that RFE/RL already had made strides in implementing a process that, if fully implemented, should satisfy our recommendation and could be used as a model for the other broadcast entities. As of the end of September 2002, BBG had not answered the OIG December 2001 response.

**To be resolved by:** January 2003

**Review of the Broadcasting Board of Governors' Affiliates Program (IBO-A-02-01)**

November 2001

**Summary:** OIG made seven recommendations to (BBG) to complete and implement a comprehensive strategic plan for the affiliates program, to design and implement a plan to improve and maintain an affiliates database to include an option of using Department of State public affairs personnel to update the base, to ensure the Office of Affiliate Relations has the resources to carry out Board strategy, to prioritize affiliate stations for support and communicate with specific Foreign Service posts, to periodically communicate priorities and support requirements to recruit and maintain affiliate stations to public affairs sections of Foreign Service posts, to develop procedures to ensure that IBB distributes new and used equipment to affiliate stations in support of strategic priorities, and to develop and implement standard operating procedures requiring affiliate marketing staff to review and update affiliate agreements. All recommendations are unresolved.

**Reasons Unresolved:** BBG is still in the process of finalizing its strategic plan. The board intended to complete the plan by July 2002; however, it is still being reviewed by external agencies. Once the plan has been received, IBB will forward responses to the OIG for all of the recommendations.

**To be resolved by:** January 2003

## LIST OF ABBREVIATIONS

AF	Bureau of African Affairs
BBG	Broadcasting Board of Governors
CA	Bureau of Consular Affairs
CD	Conference on Disarmament
CNP	Colombian National Police
COR	Contracting officers representative
DCM	Deputy Chief of Mission
Department	Department of State
EAP	Emergency Action Plan
FSN	Foreign Service national
GISRA	Government Information Security Reform Act
H	Bureau of Legislative Affairs
IBB	International Broadcasting Bureau
IDNS	Imminent danger notification system
INCSF	Iraqi National Congress Support Foundation
MPP	Mission Performance Plan
NED	National Endowment for Democracy
OBO	Office of Overseas Buildings Operations
PA	Bureau of Public Affairs
PCIE	President's Council on Integrity and Efficiency
RFMS	Regional Financial Management System
RMPPPO	Regional marketing and program placement office
SEO	Scottish Executive Office
SEP	Special Embassy Program
USIA	United States Information Agency
USTR	United States Trade Representative
VOA	Voice of America
WTO	World Trade Organization



**INDEX OF REPORTING REQUIREMENTS**  
**INSPECTOR GENERAL ACT OF 1978, AS AMENDED**

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Section 5(a)(5)	Information or assistance refused	None
Section 5(a)(6)	List of reports issued	71-72, 87
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Section 5(a)(9)	Audit reports—funds to be put to better use	74, 88
Section 5(a)(10)	Prior audit reports unresolved	76-77, 89-90
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which OIG disagreed	None

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## Summary of OIG Accomplishments

### Financial Results:

Questioned costs	
Issued during the reporting period	\$ 195,956
Management decision during the reporting period	\$ 0
Recommendations for funds to be put to better use	
Issued during the reporting period	\$ 13,241,301
Management decision during the reporting period	\$ 0
Investigative recoveries	\$ 3,376,482

### Investigative Results:

Cases opened	17
Cases closed	29
Judicial actions	25
Administrative actions	33
Hotline and complaint activity	171

**Reports Issued: 71**

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Pictured on Front Cover: Embassy Niamey, Niger

Picture provided by Office of Overseas Buildings Operations

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